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Certificate of Secretary of Federal Trade Commission.

UNITED STATES OF AMERICA

BEFORE FEDERAL TRADE COMMISSION, ss.:

IN THE MATTER of ARROW-HART & HEGEMAN, INC., *et al.*	Docket No. 1498.

2

I, OTIS B. JOHNSON, secretary of the Federal Trade Commission, do hereby certify that transmitted herewith is a full, true and correct transcript of proceedings had before the Federal Trade Commission in the above entitled matter, consisting of:

Part 1—Pleadings

3

Part 2—Testimony

Part 3—Original exhibits (Comm. Ex. 1 to 85 incl.)

Part 4—Original exhibits (Comm. Ex. 86 to 100 incl. Resp. Ex. 1 to 38 incl.)

and separate original exhibits marked:

Certificate of Secretary of Federal Trade Commission.

1	7	13	19	25	31	37	43
1498	1498	1498	1498	1498	1498	1498	1498
2	8	14	20	26	32	38	44
1498	1498	1498	1498	1498	1498	1498	1498
3	9	15	21	27	33	39	45
1498	1498	1498	1498	1498	1498	1498	1498
4	10	16	22	28	34	40	46
1498	1498	1498	1498	1498	1498	1498	1498
5	11	17	23	29	35	41	47
1498	1498	1498	1498	1498	1498	1498	1498
6	12	18	24	30	36	42	
1498	1498	1498	1498	1498	1498	1498	

That this transcript is certified to the United States Circuit Court of Appeals for the Second Circuit, pursuant to the filing in said Court of a petition for review of an order to cease and desist, dated July 6, 1932, entered by the Federal Trade Commission in that proceeding.

In witness whereof, I hereunto subscribe my name, and affix the seal of the said Federal Trade Commission, at its office in the City of Washington, D. C., this 14th day of November, A. D., 1932.

OTIS B. JOHNSON,

OTIS B. JOHNSON,
Secretary.

Complaint.

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

IN THE MATTER of ARROW-HART & HEGEMAN INCORPORATED.	Docket No. 1498.

The Federal Trade Commission charges that Arrow-Hart & Hegeman Incorporated, hereinafter called respondent, is violated and has violated the provisions of Section 7 of an Act of Congress approved October 15, 1914 (the Clayton Act), entitled "An Act To supplement existing laws against unlawful restraints and monopolies, and for other purposes", and the Federal Trade Commission states its charges in that respect as follows:

PARAGRAPH ONE: Respondent is a corporation organized under the laws of the State of Connecticut and has its principal office in the City of Hartford, in said State. Respondent has an authorized capital stock of $2,000,000 consisting of 200,000 shares of common stock all outstanding and at a par value of $10. per share. Respondent was organized and incorporated on or about October 4, 1927 for the purpose of acquiring the stock or share capital of The Hart & Hegeman Manufacturing Company and The Arrow Electric Company, both corporations under the laws of the State of Connecticut. On or about October 10, 1927, respondent acquired

10 *Complaint.*

all of the common voting stock or share capital of said Hart & Hegeman Manufacturing Company and Arrow Electric Company and still holds, owns and controls such stock or share capital.

PARAGRAPH TWO: The Hart & Hegeman Manufacturing Company is a corporation organized in 1891 under the laws of Connecticut and has its principal office in the City of Hartford in said State. On and prior to the acquisition of its common stock by Arrow-Hart & Hegeman Incorporated it owned
11 and operated a plant located at Hartford, Connecticut, at which plant electrical wiring devices of various types, kinds and classes were made. It also owned all of the common stock of the H. T. Paiste Company, a subsidiary corporation, located at Philadelphia, Pennsylvania, and engaged in manufacturing electrical wiring devices which it sold to the parent corporation and all of the common stock of The Electric Porcelain & Manufacturing Company, a subsidiary corporation, located at Trenton, New Jersey, and engaged in manufacturing porcelain parts for electric wiring devices which it sold to the parent corporation. The total sales of
12 The Hart & Hegeman Manufacturing Company for the year 1926 were $4,089,621.11, of which $3,505,988.36 were made in interstate commerce. For many years Hart & Hegeman Manufacturing Company has been engaged in selling such electrical wiring devices and is and has been causing such electrical wiring devices when sold to be shipped and transported to purchasers among the several states of the United States and the District of Columbia in competition with said Arrow Electric

Company and with other persons and corporations similarly engaged and in so doing The Hart & Hegeman Manufacturing Company is and has been engaged in interstate commerce within the purview of said Act of Congress, approved October 15, 1914 (the Clayton Act).

PARAGRAPH THREE: The Arrow Electric Company is a corporation organized in 1905 under the laws of Connecticut, and has its principal office in the City of Hartford, in said State. On and prior to the acquisition of its common stock by respondent Arrow-Hart & Hegeman Incorporated, it owned and operated a plant located at Hartford, Connecticut, at which plant electrical wiring devices of various types, kinds and classes were made. It also owned all of the common stock of the Washington Porcelain Company, a subsidiary corporation, located at Washington, New Jersey, and engaged in manufacturing porcelain parts for electrical wiring devices which it sold to the parent corporation. The total sales of The Arrow Electric Company for the year 1926 were $4,125,191.97, of which $3,869,715.96 were made in interstate commerce. For many years it has been engaged in selling such electrical wiring devices and is and has been causing such electrical wiring devices when sold to be shipped and transported to purchasers among the several states of the United States and the District of Columbia in competition with The Hart & Hegeman Manufacturing Company and with other persons and corporations similarly engaged and in so doing The Arrow Electric Company is and has been engaged in interstate commerce within the purview

of said Act of Congress approved October 15, 1914 (the Clayton Act).

PARAGRAPH FOUR: The effect of such acquisition by the respondent Arrow-Hart & Hegeman Incorporated of the stock or share capital of The Hart & Hegeman Manufacturing Company and The Arrow Electric Company may be:

(a) To substantially lessen competition in electrical wiring devices between the Hart & Hegeman Manufacturing Company and the Arrow Electric
17 Company whose stock or share capital was so acquired; or

(b) To restrain commerce in electrical wiring devices of various types, kinds and classes or in some of such electrical wiring devices in the sections or communities in which such corporations were severally engaged at the time of such acquisition or in some of such sections or communities; or

(c) Tend to create a monopoly of commerce in electrical wiring devices of various types, kinds and classes or in some of such electrical wiring devices.

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PARAGRAPH FIVE: The use by the voting or granting of proxies, or otherwise, by respondent, Arrow-Hart & Hegeman Incorporated, of the stock or other share capital of The Hart & Hegeman Manufacturing Company and The Arrow Electric Company has been and is:

(a) To substantially lessen competition in electrical wiring devices between the Hart & Hegeman Manufacturing Company and The Arrow Electric

Company whose stock or share capital was so acquired; or

(b) To restrain commerce in electrical wiring devices of various types, kinds and classes or in some of such electrical wiring devices in the sections or communities in which such corporations were severally engaged at the time of such acquisition or in some of such sections or communities; or

(c) Tend to create a monopoly of commerce in electrical wiring devices of various types, kinds and classes or in some of such electrical wiring devices. 20

WHEREFORE, the Federal Trade Commission on this 3rd day of March, 1928 issues this complaint against said Arrow-Hart & Hegeman Incorporated.

NOTICE.

Notice is hereby given you, Arrow-Hart & Hegeman Incorporated, respondent herein, that the 3rd day of May, A. D., 1928, at 10:30 o'clock in the forenoon, is hereby fixed as the time and the offices of the Federal Trade Commission, in the City of Washington, D. C., as the place, when and where a hearing will be had on the charges set forth in 21 this complaint, at which time and place you shall have the right, under said Act, to appear and show cause why an order should not be entered by said Commission requiring you to Cease and Desist from the violation of the law charged in this complaint.

You are notified and required within 30 days from service of the complaint unless such time be extended by order of the Commission to file with the

Commission an answer to the complaint. After filing answer you will be given reasonable notice of the time set for hearing. The Rules of Practice adopted by the Commission with respect to answer and failure to answer (Rule III) provide as follows:

(1) In case respondent shall desire to contest the proceeding such answer shall contain a short and simple statement of the facts which constitute the ground of defense. Respondent shall specifically admit or deny or explain each of the facts alleged in the complaint, unless re-
23 spondent is without knowledge, in which case respondent shall so state, such statement operating as a denial. Any allegation of the complaint not specifically denied in the answer unless respondent shall state in the answer that respondent is without knowledge shall be deemed to be admitted to be true and may be so found by the Commission.

(2) In case respondent desires to waive hearing on the charges set forth in the complaint and not to contest the proceeding the answer may consist of a statement, that re-
24 spondent refrains from contesting the proceeding or that respondent consents that the Commission may make, enter and serve upon respondent an order to cease and desist from the violation of the law alleged in the complaint or that respondent admits all the allegations of the complaint to be true. Any such answer shall be deemed to be an admission of all the allegations of the complaint and to authorize the Commission to find such allegations to be true.

(3) Failure of the respondent to file answer within the time as above provided for shall be deemed to be an admission of all allegations of the complaint and to authorize the Commission to find them to be true and to waive hearing on the charges set forth in the complaint.

IN WITNESS WHEREOF, the Federal Trade Commission has caused this complaint to be signed by its Secretary, and its official seal to be hereto affixed, at Washington, D. C., this 3rd day of March, A. D., 1928.

By the Commission.

OTIS B. JOHNSON,
Secretary.

(SEAL)

28 **Order Fixing Time for Filing Answer.**

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 10th day of July, A. D., 1928.

Present—WILLIAM E. HUMPHREY, *Chairman*,
ABRAM F. MYERS,
EDGAR A. MCCULLOCH,
GARLAND S. FERGUSON, JR.,
C. W. HUNT,
29 *Commissioners*.

IN THE MATTER of ARROW-HART & HEGEMAN INCORPORATED.	Docket No. 1498. Order.

The above-entitled proceeding coming on for consideration upon the report of the Board of Review, dated May 11, 1928, recommending that the Commission proceed to try the case on its merits, and
30 the Commission having considered the same and being fully advised in the premises,

IT IS HEREBY ORDERED that the case proceed to trial in the regular course.

IT IS FURTHER ORDERED that respondent have 30 days from the date of service of this order to file with the Commission an answer to the complaint herein.

By the Commission.

OTIS B. JOHNSON,
Secretary.

(Seal)

Order Extending Time for Filing Answer.

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 7th day of August, A. D., 1928.

Present—WILLIAM E. HUMPHREY, *Chairman*,
ABRAM F. MYERS,
EDGAR A. MCCULLOCH,
GARLAND S. FERGUSON, JR.,
C. W. HUNT,
Commissioners.

IN THE MATTER of ARROW-HART & HEGEMAN, INCORPORATED.	Docket No. 1498.

This matter coming on to be heard upon the application of counsel for the respondent for an extension of 30 days from August 10, 1928 for filing answer to the complaint herein, and the Commission now being fully advised in the premises.

IT IS ORDERED that counsel for the respondent have to and until September 9, 1928 for filing answer to the complaint herein.

By direction of the Commission.

C. G. DUGANNE,
Acting Secretary.

(Seal)

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Answer.

(Filed Sept. 7, 1928.)

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

IN THE MATTER of ARROW-HART & HEGEMAN, INCORPORATED.	Docket No. 1498.

35

1. Paragraph 1 of the complaint is admitted except the statements therein contained that the purpose of the respondent's incorporation was to acquire and that by its acquisition of common stocks of The Hart & Hegeman Manufacturing Company and of The Arrow Electric Company it acquired all the share capital of both said companies, which are denied.

Further answering said paragraph, the respondent alleges that the outstanding capital of both companies is as follows:

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	Common (par $25)	Preferred (par $100)
The Hart & Hegeman Manufacturing Company	$500,000	$1,333,300
The Arrow Electric Company	750,000	1,895,000

1,050 shares of Arrow preferred, par $105,000, have been retired under the sinking fund provisions covering the issue of such preferred stock. None of the preferred stock of either company is owned by the respondent but all is in the hands of the public. The preferred stock of each company has exclusive

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voting rights in case of omission of dividends for four successive quarters or in case of other default. The companies, however, have acquired and hold in their treasuries, for the purpose of later retirement under the sinking fund provisions, about 7,437 additional shares of preferred stock in the aggregate, leaving in the hands of individual holders 24,846 shares representing at par $2,484,600. These 24,846 shares are held by 958 individuals.

2. Paragraphs 2 and 3 of said complaint are denied insofar as they imply that The Hart & Hegeman Manufacturing Company and The Arrow Electric Company manufactured and sold and do now manufacture and sell identical products in all respects and in wholly identical fields. Further answering said paragraphs, the respondent alleges that the products of said two companies were and are similar only in part and that the said products were and are distributed in the same fields only in part.

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3. Paragraph 4 of said complaint is denied.

4. Paragraph 5 of said complaint is denied.

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And further answering respondent alleges:

5. The death of the president and active head of The Hart & Hegeman Manufacturing Company in February 1927 was the primary cause for the incorporation and organization of respondent. Until his death said president with his family and trusts created by him owned over 50% of the common stock of The Hart & Hegeman Manufacturing Company. Most of the remaining shares were owned

by his friends and associates in that company. Following his death the estate of said president and his family wished to dispose of their holdings. Such stock being so closely held it followed that the company as a whole was for sale.

6. The logical purchaser of The Hart & Hegeman Manufacturing Company was to be found, it developed, only through a merger of that company with The Arrow Electric Company also located in Hartford as the death of the president of The Hart & Hegeman Manufacturing Company left it without an assured position in the industry.

7. The Hart & Hegeman Manufacturing Company then had and still has a large and profitable business in the manufacture and sale of specially designed switches which it made and sold to manufacturers of electrical appliances for use on their product, such as drills, vacuum cleaners, radio sets and other articles requiring a peculiar type of switch. This special business constituted and now constitutes over one-third of the entire output of The Hart & Hegeman Manufacturing Company. In that business it has no real competition with The Arrow Electric Company.

8. The Hart & Hegeman Manufacturing Company furthermore then had and still has a large export business in which field The Arrow Electric Company does very little. Such foreign trade amounts to approximately $150,000 per annum or about one-eighth of all the annual sales of The Hart & Hegeman Manufacturing Company. About one-half of the business of the latter company, therefore, is non-competitive with the business of The Arrow Electric Company.

9. In the incorporation and organization of the respondent there was no purpose or intention of violating any of the provisions of the Clayton Act. The incorporators and present officers of respondent then believed and were advised that as the two constituent companies controlled in the aggregate less than one-fifth of the business of the electric wiring device industry and as that industry was well established and organized and they were faced with keen competition from a large number of established manufacturers including some of the largest concerns in the electrical field, the organization of respondent could not, under the rule of reason, be deemed to infringe any of the laws against monopoly or restraints of trade, including the Clayton Act.

10. The purpose in bringing the two companies together was to effectuate a lowering of manufacturing costs, elimination of unnecessary duplications and waste and resulting economies of production.

11. The plan to organize respondent, instead of a merger of the two constituent companies, was adopted solely to preserve the very large good-will value which attached and still attaches to the widely known and distinctive trade marks and brands of each of the two companies, the proprietary value of which had come from, and is dependent upon, intense sales effort. There is strong competition between the constituent companies incident to the brands or trade labels under which their respective competitive goods are manufactured and also through efforts of their sales organizations which are entirely separate and aggressive.

46 *Answer.*

12. The electric wiring device industry is highly developed. There are about 75 different manufacturing concerns which are in competition with The Hart & Hegeman Manufacturing Company and The Arrow Electric Company. Competition is severe. In such a field success cannot come from price manipulation but is dependent upon quality, salesmanship and publicity for established brands. To meet competition and at the same time to maintain quality it is necessary to reduce costs by drastic manufacturing economies.

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13. The acquisition by respondent of the common stocks of the constituent companies has resulted in large manufacturing economies to both companies and further economies will be made.

14. The effect of such acquisition will be to preserve and stimulate competition in the electric wiring device industry.

15. The public has not been nor will it be injured by said acquisition. On the contrary, such acquisition has been and will continue to be beneficial to the public.

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16. Neither respondent nor the two constituent companies jointly or severally have done anything tending to create a monopoly or tending to restrain trade or commerce. The sales of each is less than 10% of the total sales of all companies in the electric wiring device field, so far as respondent is informed and believes.

17. The shares of the capital stock of respondent are actively traded in on the stock market of Hart-

ford. Following the organization of respondent and the issue of its shares in exchange for the common shares of the two constituent companies, the interest previously in control of The Hart & Hegeman Manufacturing Company sold practically all its shares to employees and to bankers who sold the same to the public.

Respondent has over 900 stockholders, all of whom will be seriously injured by any order requiring its dissolution other than through absolute merger of the two constituent companies in accordance with the statutes of Connecticut in such case made and provided.

WHEREFORE, this respondent, having fully answered the charges contained in the complaint prays that the same may be dismissed.

Dated at Hartford this 7th day of September, 1928.

ARROW-HART & HEGEMAN COMPANY,
By EDWARD R. GRIER,
Its President.

ARTHUR L. SHIPMAN,
CHARLES WELLES GROSS,
Attorneys for Respondent.

52 **Order Appointing Examiner and Fixing Time and Place for Taking Testimony.**

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 28th day of January, A. D., 1929.

Commissioners—EDGAR A. MCCULLOCH, *Chairman*.
GARLAND S. FERGUSON, JR.,
53 C. W. HUNT,
WILLIAM E. HUMPHREY,

IN THE MATTER of ARROW-HART & HEGEMAN, INCORPORATED.	Docket No. 1498.

This matter being at issue and ready for the taking of testimony,

54 IT IS ORDERED that George McCorle, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law.

IT IS FURTHER ORDERED that the taking of testimony in this proceeding begin on Monday, February 18, 1929, at 2:00 o'clock in the afternoon of

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that day, at the Federal Court Room, third floor, U. S. Post Office & Court House Building, Hartford, Connecticut.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

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OTIS B. JOHNSON,
Secretary.

(Seal)

57

58 **Motion for Issuance of Supplemental Complaint.**

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

IN THE MATTER of ARROW-HART & HEGEMAN, INCORPORATED.	Docket 1498.

59

COMES NOW Robt. E. Healy, Chief Counsel to the Federal Trade Commission, and shows to the Commission that certain steps taken by the respondent, subsequent to the issuance of complaint herein, by way of reorganization, and the vesting of certain rights, property, stock and franchises in The Arrow-Hart & Hegeman Electric Company are in continued violation of Section 7 of that certain Act of Congress known as the Clayton Act:

WHEREFORE the Chief Counsel moves the Commission to issue a supplemental complaint herein,
60 charging the continued violation of said Section 7 of the Clayton Act by the present respondent corporation and charging violation of the said Act of Congress by The Arrow-Hart & Hegeman Electric Company, aforesaid, and that such supplemental complaint issue against both said corporations in accordance with the form attached hereto and made a part hereof; and moves moreover that the Commission set a day certain, as early as may be practicable, to hear argument on behalf of the present

motion and on behalf of the respondent and proposed new respondent, if they shall desire to be heard, and that notice of hearing, together with a copy of the present motion and of the form of supplemental complaint proposed to be issued, shall be served upon respondent, through its counsel, and upon the proposed respondent corporation.

ROBT. E. HEALY,
Chief Counsel.

June 25, 1929.

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64 **Order for Issuance of Supplemental Complaint.**

UNITED STATES OF AMERICA.

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 29th day of June, 1929.

Commissioners—EDGAR A. MCCULLOCH, *Chairman*.
GARLAND S. FERGUSON, JR.,
65 C. W. HUNT,
WILLIAM E. HUMPHREY,
CHARLES H. MARCH.

IN THE MATTER of the ARROW-HART & HEGEMAN, INCORPORATED, and THE ARROW-HART & HEGEMAN ELECTRIC COMPANY.	Docket 1498.

66

On motion of the Chief Counsel it appearing that respondent, Arrow-Hart & Hegeman, Incorporated, has taken various steps and has organized several corporations to the end that the franchises, stock and property of those certain formerly competing corporations, to restore competition between which this proceeding was instituted pursuant to Section 7 of the Clayton Act, shall be vested in The Arrow-Hart & Hegeman Electric Company, and it appearing further that the steps taken by said respondent have not resulted in the restoration of competition

between the said formerly competing corporations, but have rather resulted in the continued elimination of such competition, and will continue so to result, unless further steps in the present proceeding be taken, and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that the Secretary issue supplemental complaint herein in manner and form hereto attached and that the same be served upon respondent Arrow-Hart & Hegeman, Incorporated, through counsel by whom its appearance herein was made, and upon said The Arrow-Hart & Hegeman Electric Company, a corporation, now to be added as party respondent by the service of the said supplemental complaint. 68

By order of the Commission.

OTIS B. JOHNSON,
Secretary.

(Seal)

69

70 **Supplemental Complaint.**

UNITED STATES OF AMERICA

BEFORE FEDERAL TRADE COMMISSION.

IN THE MATTER of ARROW-HART & HEGEMAN, INCORPORATED AND THE ARROW-HART & HEGEMAN ELECTRIC COMPANY.	Docket 1498.

71 WHEREAS the Federal Trade Commission heretofore, to-wit on the 3rd day of March 1928, issued a complaint against respondent Arrow-Hart & Hegeman, Inc., charging that, by its acquisition of the stocks of two other and formerly competing corporations, said respondent had violated and was then violating the provisions of Section 7 of an Act of Congress approved October 15, 1914, entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" and known as the Clayton Act; and

72 WHEREAS since the issuance of the said complaint said respondent has carried out certain steps, hereafter set forth, collectively designated by it as a course of "reorganization," whereby a corporation known as The Arrow-Hart & Hegeman Electric Company has been formed by the merger and consolidation of the two said formerly competing corporations and of two certain holding corporations, hereinafter described, and

WHEREAS the said so-called reorganization by said respondent, Arrow-Hart & Hegeman, Inc. has

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vested all the stock, franchises, property and assets of the said formerly competing companies and of the said holding companies in the said The Arrow-Hart & Hegeman Electric Company without having restored competition between the two said originally competing companies in and for the benefit of the public as by the said Clayton Act required, but rather with the purpose, and, unless the instant proceeding prevail, with the result of perpetuating the destruction of competition between the two said originally competing corporations:

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WHEREFORE The Federal Trade Commission brings this, its supplemental complaint, adding to the original corporate party respondent, the said merged and consolidated corporation, the said The Arrow-Hart & Hegeman Electric Company, and thereunto alleges and charges as follows, to-wit:

PARAGRAPH ONE: Respondent, Arrow-Hart & Hegeman, Inc. on or about October 4, 1927 was organized under the laws of the State of Connecticut, with its principal place of business in the City of Hartford in said state, remained a corporation with all its corporate rights and powers until its 75
dissolution as described in Paragraph Seven (j) hereof and still retains its corporate entity to such extent as may be necessary to effectuate the relief designed in the regulation of interstate and foreign commerce by the enactment of the federal Anti-trust laws. It had an authorized capital stock of $2,000,000 consisting of 200,000 shares of common stock outstanding and of par value of $10.00 per share. Said respondent's incorporation was for the purpose of acquiring the stock or share capital of The Hart & Hegeman Manufacturing Company

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and of The Arrow Electric Company, both corporations under the laws of the State of Connecticut, and on or about October 10, 1927, it did so acquire all of the common voting stock or share capital of two last named companies and continued to hold, own and control such stock or share capital until subsequent to the issuance of the original complaint herein to-wit until the events averred in Paragraph Seven (b) hereof.

PARAGRAPH TWO: The Hart & Hegeman Manufacturing Company was, and until the merger de-
77 scribed in Paragraph Seven (f) hereof, remained a corporation under the laws of Connecticut, organized in 1891 with its principal place of business in the City of Hartford in said State. On and prior to the acquisition of its common stock by Arrow-Hart & Hegeman, Inc., it owned and operated a plant located at Hartford, Connecticut, at which plant electric wiring devices of various types, kinds and classes were made. It also owned all of the common stock of the H. T. Paiste Company, a subsidiary corporation, located at Philadelphia, Pennsylvania, and engaged in manufacturing electrical wiring devices which it sold to the parent corpora-
78 tion and all of the common stock of The Electric Porcelain & Manufacturing Company, a subsidiary corporation, located at Trenton, New Jersey, and engaged in manufacturing porcelain parts for electrical wiring devices which it sold to the parent corporation. The total sales of The Hart & Hegeman Manufacturing Company for the year 1926 were $4,089,621.11, of which $3,505,988.36 were made in interstate commerce. For many years Hart & Hegeman Manufacturing Company was engaged in selling such electrical wiring devices and caused such electrical wiring devices when

sold to be shipped and transported to purchasers among the several states of the United States and the District of Columbia in competition with The Arrow Electric Company aforesaid and with other persons and corporations similarly engaged and in so doing The Hart & Hegeman Manufacturing Company was engaged in interstate commerce within the purview of the aforesaid Clayton Act.

PARAGRAPH THREE: The Arrow Electric Company was, and until the merger and consolidation described in Paragraph Seven (f), remained a corporation organized under the laws of the State of 80
Connecticut, in 1905, having its principal place of business in the city of Hartford in said State. On and prior to the acquisition of its common stock by respondent Arrow-Hart & Hegeman, Inc., it owned and operated a plant located at Hartford, Connecticut, at which plant electrical wiring devices of various types, kinds and classes were made. It also owned all of the common stock of the Washington Porcelain Company, a subsidiary corporation, located at Washington, New Jersey, and engaged in manufacturing porcelain parts for electrical wiring devices which it sold to the parent corporation. The total sales of The Arrow Electric 81
Company for the year 1926 were $4,125,191.97 of which $3,869,715.96 were made in interstate commerce. For many years, it was engaged in selling such electrical wiring devices and caused such electrical wiring devices when sold to be shipped and transported to purchasers among the several states of the United States and the District of Columbia in competition with The Hart & Hegeman Manufacturing Company and with other persons and corporations similarly engaged and in so doing The Arrow Electric Company was engaged in interstate

commerce within the purview of the aforesaid Clayton Act.

PARAGRAPH FOUR: The effect of such acquisition by respondent, Arrow-Hart & Hegeman, Inc. of the stock or share capital of The Hart & Hegeman Manufacturing Company and The Arrow Electric Company may be

(a) To substantially lessen competition in electrical wiring devices between The Hart & Hegeman Manufacturing Company and The
83 Arrow Electric Company whose stock or share capital was so acquired; or

(b) To restrain commerce in electrical wiring devices of various types, kinds and classes or in some of such electrical wiring devices in the sections or communities in which such corporations were severally engaged at the time of such acquisition or in some of such sections or communities; or

(c) Tend to create a monopoly of commerce in electrical wiring devices of various types, kinds and classes or in some of such electrical
84 wiring devices.

PARAGRAPH FIVE: The use by the voting or granting of proxies or otherwise by respondent, Arrow-Hart & Hegeman, Incorporated of the stock or other share capital of The Hart & Hegeman Manufacturing Company and The Arrow Electric Company, has been and is:

(a) To substantially lessen competition in electrical wiring devices between The Hart & Hegeman Manufacturing and The Arrow Elec-

tric Company whose stock or share capital was so acquired; or

(b) To restrain commerce in electrical wiring devices of various types, kinds and classes or in some of such electrical wiring devices in the sections or communities in which such corporations were severally engaged at the time of such acquisition or in some sections or communities; or

(c) Tending to create a monopoly of commerce in electrical wiring devices, of various types, kinds and classes or in some such electrical wiring devices.

PARAGRAPH SIX: Alleging facts substantially as in Paragraphs One to Five, hereof inclusive, the Commission on March 3, 1928, issued its complaint against respondent; Arrow-Hart & Hegeman, Incorporated, under Section 7 of the said described Clayton Act. Respondent corporation appeared and filed its answer on September 7, 1928.

PARAGRAPH SEVEN: On November 10, 1928, the president of respondent, Arrow-Hart & Hegeman, Incorporated, notified the stockholders thereof by circular letter that the dissolution of said corporation and the distribution of its assets among its stockholders had been recommended by counsel and that the directors had voted to recommend such plan to the stockholders. By the said circular letter, and by a circular letter also addressed to the stockholders of said Arrow-Hart & Hegeman, Incorporated dated December 1, 1928 a plan of so-called "reorganization" was propounded to the said stockholders who controlled, as in Paragraph One hereof described, through Arrow-Hart & Hegeman,

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Incorporated as a holding company, the stock of the two formerly competing concerns, to-wit The Hart-Hegeman Manufacturing Company and The Arrow Electric Company. The method of reorganization thus recommended was adopted, carried into effect and consisted of the following steps:

(a) Between December 1 and December 7, 1928, two new Connecticut incorporations, The Arrow Manufacturing Company and The H. & H. Electric Company were organized, solely by action of said respondent.

89 (b) Immediately thereafter the common stock of The Arrow Electric Company was transferred by Arrow-Hart & Hegeman, Incorporated to The Arrow Manufacturing Company and at the same time the common stock of The Hart & Hegeman Manufacturing Company was transferred by respondent, Arrow-Hart & Hegeman, Incorporated to The H. & H. Electric Company.

(c) Simultaneously with and as the consideration to respondent, Arrow-Hart & Hegeman, Incorporated for the transfers last described, The Arrow Manufacturing Company and The H. & H. Electric Company in pursuance of a vote taken by the Arrow-Hart & Hegeman, Incorporated issued to the stockholders of respondent, Arrow-Hart & Hegeman, Incorporated, and in the respective name of each such stockholder all of their shares of capital stock. To this end a transfer agent acting for the reorganizing interests, delivered to the said respective stockholders non-negotiable receipts, advising that the certificates of such stock would be held for their account,

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unless they insisted upon a present delivery thereof.

(d) Accordingly by virtue of such exchange each recipient stockholder of respondent, Arrow-Hart & Hegeman, Incorporated became the owner of the same number of shares of The Arrow Manufacturing Company as each owned in said respondent and of the same number of shares of The H. & H. Electric Company, as each owned in said respondent. But the new shares were not delivered to the said stockholders unless by specific instruction.

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(e) On December 10, 1928 the stockholders of respondent, Arrow-Hart & Hegeman, Incorporated, voted to dissolve said respondent corporation, in conformity with a recommendation of the directors favoring dissolution which had been voted November 10, 1928.

(f) On December 31, 1928, at successive hours the stockholders of The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H. Electric Company acted favorably upon a merger and consolidation agreement under the laws of the State of Connecticut. And on the same day, immediately effective, the Secretary of State of Connecticut approved the merger and consolidation of the said four incorporations.

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(g) The consolidated corporation is respondent, The Arrow-Hart & Hegeman Electric Company with an authorized capital stock of $7,083,300, of which $3,750,000 is common stock and $3,333,300 is preferred stock. The capital stock with which this company com-

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menced business was $5,228,300, divided into 200,000 shares of common stock of $10 par value each, and 32,283 shares of preferred stock of $100 par value each. Preferred stockholders have no power to vote "except as provided by statute" unless in case of default in payment of dividends on preferred stock for six quarters.

(h) The following is the manner in which the shares of the common stock in each of the consolidating companies were "converted" into
95 shares of the common stock with which the consolidated corporation commenced business:

100,000 shares thereof were issued in lieu of the entire capital stock of The Arrow Manufacturing Company, the latter being 200,000 shares of common stock, at the rate of one-half of one share in the consolidated company in exchange for one share in The Arrow Manufacturing Company.

Another 100,000 shares thereof were issued in lieu of the entire capital stock of The H. & H. Electric Company the latter being 200,000 shares of stock, at the rate of one-
96 half of one share in the consolidated company in exchange for one share in The H. & H. Electric Company.

No shares of the consolidated company were issued in lieu of the outstanding common stock, 30,000 shares of $25 par value each in The Arrow Electric Company, since all of the common stock of the latter company was, on such consolidation, owned by The Arrow Manufacturing Company. Similarly, no shares of the consolidated company were issued in lieu of the common stock,

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20,000 shares of $25 par value each, in The Hart & Hegeman Manufacturing Company, since all the common stock in the last named company was then owned by The H. & H. Electric Company.

(i) The following was the manner of converting the shares of preferred stock, in such of the consolidating companies as had preferred stock outstanding, into shares of preferred stock with which the respondent consolidated company commenced business, to-wit:

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18,950 shares were issued, share for share in lieu of the entire then outstanding preferred stock in The Arrow Electric Company, the shares exchanged being identical in number and in par value.

The balance of 13,333 shares were issued in lieu of the entire then outstanding preferred stock, identical in number of shares and in par value, of The Hart & Hegeman Manufacturing Company.

(j) On April 11, 1929, the final certificate of dissolution of the respondent Arrow-Hart & Hegeman, Incorporated was executed.

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PARAGRAPH EIGHT: The stocks of the two aforesaid formerly competing corporations, The Hart & Hegeman Manufacturing Company and The Arrow Electric Company acquired unlawfully as charged in the original complaint in this proceeding, were used by respondent throughout the aforesaid reorganization, as in Paragraph Seven hereof alleged, to effect the merger and consolidation alleged in Paragraph Seven, subparagraphs (f) to (i) inclu-

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sive hereof described. By such merger and consolidation, unless this proceeding prevail, the said stocks were so used as finally to vest the physical properties, franchises and share capital of both the said formerly competing corporations in respondent The Arrow-Hart & Hegeman Electric Company and thereby to perpetuate the elimination of competition between the said formerly competing corporations, in the following manner:

(a) The transfer of the stock of The Arrow Electric Company to The Arrow Manufacturing Company and also the transfer of the stock of The Hart & Hegeman Manufacturing Company to The H. & H. Electric Company by respondent Arrow-Hart & Hegeman, Incorporated, were not preceded by the restoration of the independent and competitive character of the said two formerly competing corporations nor of the diverse interests which they had represented. The said transfers were accomplished solely by the direct use of the voting franchise of the stockholders of respondent Arrow-Hart & Hegeman, Incorporated in the exercise of powers which resulted immediately from said respondent's acquisition of the stocks of the said two formerly competing companies contrary, as charged in the original complaint herein, to Section 7 of the Clayton Act. In exercising their voting franchise to this end the stockholders of said respondent did not act as stockholders in either of the respective formerly competing corporations. They acted as stockholders in said respondent after all conflicting interests between the said originally competing corporations had been

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eliminated. The same voting body, to-wit the stockholders of respondent, Arrow-Hart & Hegeman, Incorporated, included the owners of both said formerly competing corporations and acted alike upon both transfers to the said new holding corporations, The Arrow Manufacturing Company and The H. & H. Electric Company. Any moving consideration to act independently as regards the two formerly diverse and competing interests had been extinguished and was not restored prior to the said transfers.

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(b) The consideration to the respondent Arrow-Hart & Hegeman, Incorporated for the surrender by said respondent of the stocks in the said formerly competing corporations was the promised transfer to said respondent of all the shares of the capital stock in the said newly formed holding companies, which shares were to be and actually were issued direct to said respondent's stockholders, in lieu of being issued to respondent, pursuant to a vote taken by the said respondent corporation. This consideration to the said respondent and its stockholders was made possible through the original unlawful acquisition of the share capital of the said originally competing corporations by the said respondent.

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(c) When the aforesaid four corporations voted to consolidate, as in Paragraph Seven (f) hereof described, the shareholders of respondent Arrow-Hart & Hegeman, Incorporated, as the direct result of the said unlawful acquisition of the share capital of the said formerly competing corporations, had control

106 *Supplemental Complaint.*

over the said formerly competing corporations through their ownership of the share capital of the said newly formed holding corporations. The four corporations when they voted to consolidate no longer comprised two respective, independent or distinct voting bodies, but their interests and ownerships had already consolidated and merged. Each stockholder of said respondent had an interest in the existence, franchises, property and stocks of both the Arrow and the Hart & Hegeman interests.

107 There was no stockholder in either so-called "Arrow" company who did not have the same interests in the corresponding "Hart & Hegeman" or "H. & H." corporation. No one of the said four corporations which voted to merge and consolidate voted under the same circumstances, with the same body of voters or prompted by the same consideration as would have existed if the alleged unlawful acquisition of the stocks of the said two originally competing corporations had not been made by respondent Arrow-Hart & Hegeman, Incorporated.

108 PARAGRAPH NINE: The divestment by respondent Arrow-Hart & Hegeman, Incorporated in favor of the two newly formed holding corporations, The Arrow Manufacturing Company and The H. & H. Electric Company, was not such a divestment as to constitute a compliance with said Section 7 of the Clayton Act. Competition was not restored. The said new holding corporations were created by said respondent and received the stocks of the said formerly competing corporations only on consideration of their transferring of their own share capital

to the stockholders of the said respondent. A new and complete violation of said Section 7 of the Clayton Act was brought about by respondent Arrow-Hart & Hegeman, Incorporated by its acquisition, in the name of its stockholders direct of the stocks of the said two new holding corporations.

PARAGRAPH TEN: The steps of reorganization described in Paragraph Seven hereof were undertaken and were consummated, largely by the use of proxies, at the instance and through the leadership, aid and instigation of respondent Arrow-Hart & Hegeman, Incorporated. These steps were but parts of a unified plan and, as set forth in Paragraph Eight hereof, were all made possible by the original acquisition of the stocks of the formerly competing corporations, The Hart & Hegeman Manufacturing Company and The Arrow Electric Company, by respondent Arrow-Hart & Hegeman, Incorporated. Against the said acquisition, the Federal Trade Commission, in order to restore competition between the said formerly competing corporations as required by the aforesaid Section 7 of the Clayton Act, directed its original complaint in this proceeding, as in Paragraph Six hereof described. Said action was timely and prior to the securing of actual title and possession by either respondent corporation, to the physical property of said formerly competing corporations.

PARAGRAPH ELEVEN: The intent and purpose of respondent, Arrow-Hart & Hegeman, Incorporated and its officers and stockholders in advocating, directing and taking the steps described in Paragraph Seven hereof, was to oust the Federal Trade

112 Commission of its statutory powers and jurisdiction over the aforesaid acquisition of stock by said respondent, Arrow-Hart & Hegeman, Incorporated, and the same time to retain and to perpetuate the elimination of all competition, which had previously existed as in Paragraph Three hereof set forth, between the Arrow Electric Company and The Hart & Hegeman Manufacturing Company. Said competition, respondent Arrow-Hart & Hegeman, Incorporated through the steps described in Paragraphs One and Four to Seven, inclusive, hereof has uniformly and constantly aimed to destroy. To this end the respondent corporations have employed certain statutory provisions made by the legislature of the State of Connecticut for the dissolution and for the merger and consolidation of its corporations, for purposes which were not within the contemplation of the legislature in enacting the said provisions and in such a manner and with such effect, unless this proceeding prevail, as to bring about an evasion of the Commerce Clause of the federal constitution, and a violation of Section 7 of the said Clayton Act, enacted in order to carry into effect certain of the powers granted by the Commerce Clause. The course of action of respondent Arrow-Hart & Hegeman, Incorporated and its aforesaid creature corporations and the formation by merger and consolidation of respondent, The Arrow-Hart & Hegeman Electric Company, as described in Paragraph Seven, are of no force and effect to accomplish a violation of the said Section of the Clayton Act or to effect the ousting of the Federal Trade Commission from its jurisdiction over the matters and things alleged in the original complaint or over those herein set forth.

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WHEREFORE, the Federal Trade Commission on this 29th day of June, A. D., 1929, issues this, its supplemental complaint, against said Arrow-Hart & Hegeman, Incorporated and The Arrow-Hart & Hegeman Electric Company.

NOTICE.

Notice is hereby given to, Arrow-Hart & Hegeman, Incorporated and The Arrow-Hart & Hegeman Electric Company, respondents herein, that the 2nd day of August, A. D., 1929, at 2:00 o'clock in the afternoon, is hereby fixed as the time, and 116
the offices of the Federal Trade Commission in the City of Washington, D. C., as the place, when and where a hearing will be had on the charges set forth in this complaint, at which time and place you shall have the right, under said Act, to appear and show cause why an order should not be entered by said Commission requiring you to cease and desist from the violation of the law charged in the complaint.

You are notified and required on or before said date, to file with the Commission an answer to the complaint. If answer is filed appearance on that date will not be required and the hearing on the charges will be postponed to a later date, due notice 117
of which will be given. The Rules of Practice adopted by the Commission with respect to answers or failure to appear or answer (Rule III) provide as follows:

> (1) In case of desire to contest the proceeding the respondents shall, within such time as the Commission shall allow (not less than 30 days from the service of the complaint) file with the Commission answer to the complaint.

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Such answer shall contain a short and simple statement of the facts which constitute the ground of defense. Respondents shall specifically admit or deny or explain each of the facts alleged in the complaint, unless respondents are without knowledge, in which case respondents shall so state, such statement operating as a denial. Any allegation of the complaint not specifically denied in the answer, unless respondents shall state in the answer that respondents are without knowledge, shall be
119 deemed to be admitted to be true and may be so found by the Commission.

(2). In case respondents desire to waive hearing on the charges set forth in the complaint and not to contest the proceeding, the answer may consist of a statement that respondents refrain from contesting the proceeding or that respondents consent that the Commission may make, enter, and serve upon respondents an order to cease and desist from the violations of the law alleged in the complaint, or that respondents admit all the allegations of the complaint to be true. Any such answer
120 shall be deemed to be an admission of all the allegations of the complaint and to authorize the Commission to find such allegations to be true.

(3) Failure of the respondents to appear or to file answer within the time as above provided for shall be deemed to be an admission of all allegations of the complaint and to authorize the Commission to find them to be true and to waive hearing on the charges set forth in the complaint.

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IN WITNESS WHEREOF, the Federal Trade Commission has caused this complaint to be signed by its Secretary and its official seal to be hereto affixed, at Washington, D. C., this 29th day of June, A. D., 1929.

By the Commission:

OTIS B. JOHNSON,
Secretary.

(SEAL)

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124 **Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint.**

(Filed October 14, 1929.)

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

IN THE MATTER of ARROW HART & HEGEMAN, INC. and 125 THE ARROW-HART & HEGEMAN ELECTRIC COMPANY.	Docket No. 1498.

The Arrow-Hart & Hegeman Electric Company, cited into this proceeding by notice dated June 29, 1929 reserving at all times its right to object to the jurisdiction of the Federal Trade Commission over it in this proceeding, files this answer to the Supplemental Complaint.

1. The Arrow-Hart & Hegeman Electric Company, hereinafter called the "new respondent," adopts by reference the answer of Arrow-Hart & 126 Hegeman, Incorporated, hereinafter called the "old respondent," and makes such answer of the old respondent a part hereof as fully as if set forth at length herein.

2. The new respondent denies the allegations of the complaint and of the preambles of the Supplemental Complaint in so far as they allege that the old respondent carried out certain steps whereby the new respondent was formed and that the so-called reorganization by the old respondent

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vested all the stock, franchises, property and assets of the said formerly competing companies and of said holding companies in the new respondent, the new respondent alleging that the old respondent was not in any way a party to the merger and consolidation resulting in the new respondent.

3. Paragraph 1 of the Supplemental Complaint is admitted, except (a) in so far as Paragraph 1 of the original complaint is denied in the original answer, and (b) except in so far as Paragraph 1 of the Supplemental Complaint alleges that the old 128
respondent still retains its corporate existence to such extent as may be necessary to effectuate the relief designed in the regulation of interstate and foreign commerce by the enactment of federal anti-trust laws, which is denied.

4. In answer to Paragraphs 2 and 3 of the Supplemental Complaint the new respondent incorporates that portion of the answer to the original complaint dealing with Paragraphs 2 and 3 of the original complaint.

5. Paragraphs 4 and 5 of the Supplemental 129
Complaint are denied.

6. Paragraph 6 is admitted.

7. As to Paragraph 7, the general statement contained in the first clause of Paragraph 7 is admitted except that it is denied that The Hart & Hegeman Manufacturing Company and The Arrow Electric Company were competing concerns within the meaning and intent of the Anti-Trust laws and especially of the Clayton Act.

130 *Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint.*

As to clauses (a) and (b) of Paragraph 7, it is denied that the two Connecticut corporations, The Arrow Manufacturing Company and The H. & H. Electric Company were organized solely by action of the old respondent. Neither the directors, nor the officers as such, of said old respondent, nor its stockholders through corporate action had any part or lot in the organization of said companies.

Clauses (c), (d) and (e) of Paragraph 7 are admitted except the allegation in (c) that the transfer agent was "acting for the reorganizing interests" which is denied.

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The steps taken by the old respondent in reference to this matter were as follows:

(a) Following the hearing by the Board of Review and following a conference with the Chief Counsel of the Commission, counsel of the old respondent on November 10, 1928 recommended to its directors that without prejudice to its rights the company be dissolved and its assets distributed to its stockholders to meet the criticism of the Commission that this holding of the common stocks of The Arrow Electric Company and of The Hart & Hegeman Manufacturing Company was in violation of the Clayton Act.

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(b) On November 10, 1928 the directors voted to terminate the corporate existence of the old respondent and, as required by law, called a meeting of the stockholders to be held on December 10, 1928 to confirm such action and to authorize the directors to distribute the assets to its stockholders in such manner as they might determine. Call for such meeting was published once each week for four successive weeks in a daily newspaper pub-

lished in the city of Hartford and a copy thereof was mailed to each of its stockholders, numbering about 950, as required by law. A copy of such notice, with the accompanying letter to stockholders dated November 10, 1928, is attached hereto, marked Exhibit A, and made a part of this paragraph.

(c) Before said meeting was held on December 10, 1928 the directors of the old respondent were advised by counsel, on or about November 30, 1928, that a distribution to said 950 stockholders of its assets in kind, consisting of the common shares of The Hart & Hegeman Manufacturing Company and of The Arrow Electric Company, might involve them in a claim by the Treasury Department of a profit taxable to them, since such distribution would be in final liquidation.

(d) Thereupon three individuals in each case, acting on behalf of the stockholders of the old respondent, caused to be incorporated and organized two corporations under Connecticut law known as The H. & H. Electric Company and The Arrow Manufacturing Company. The purpose of the incorporation and organization of these companies was to take on behalf of the stockholders of the old respondent a transfer of the shares of common stock of The Hart & Hegeman Manufacturing Company and of The Arrow Electric Company respectively, in consideration of the issue of the shares of each of the new corporations directly to the stockholders of the old respondent, instead of their receiving the same in kind on dissolution and liquidation, as a form of reorganization recognized by the Revenue Act of 1928 involving no taxable gain,

136 and those transfers were subsequently made on or about December 6, 1928.

(e) Pursuant to such advice of counsel the directors of the old respondent at a meeting held on November 30, 1928, in lieu of distributing its assets on dissolution and liquidation, voted to recommend to its stockholders, as a form of reorganization recognized by the Revenue Act of 1928 involving no taxable gain, a general plan under which the old respondent would transfer all its shares of
137 the common stock of The Hart & Hegeman Manufacturing Company to The H & H Electric Company and would transfer all its shares of the common stock of The Arrow Electric Company to The Arrow Manufacturing Company in exchange for the issue by each of those new companies of all their shares to the stockholders of the old respondent, with the further suggestion that after that step was taken those four companies might merge under Connecticut law. A copy of the letter to the stockholders of the old respondent, dated December 1, 1928, outlining these recommendations of the directors is attached hereto, marked Exhibit B, and
138 made part of this paragraph.

(f) At a special meeting of the stockholders of the old respondent, held on the 6th day of December, 1928, prior to the meeting called for dissolution, the recommendations of the directors, including an outline of a plan of reorganization, were adopted, and the transfer of all the shares held by it was made.

(g) On December 10, 1928 the special meeting of the stockholders of the old respondent, called to

take action upon the recommendation of the directors for its dissolution, was held and the stockholders of the old respondent voted to confirm the action of the directors to terminate the corporate existence.

(h) Thereupon a majority of the directors of the old respondent, as required by law, made and signed a preliminary certificate of dissolution of the old respondent, dated the 10th day of December, 1928, and filed said certificate in the office of the Secretary of State on the 10th day of December, 140
1928, and the directors thereupon caused notice of such dissolution to be advertised as required by law.

(i) A copy of the minutes of the stockholders' meeting of the old respondent held December 6, 1928 and December 10, 1928 is attached hereto, made a part of this Answer, and marked Exhibit C.

(j) Except as above stated, the old respondent took no steps and made no agreement to secure the adoption of any part of the plan of reorganization set out by it in the minutes of its meeting of December 6, 1928. 141

(k) The old respondent did not use, by voting or granting of proxies or otherwise the stock or other share capital of The Hart & Hegeman Manufacturing Company and/or of The Arrow Electric Company, directly or indirectly in any way, to carry out the so-called plan of reorganization or to accomplish the merger of The Hart & Hegeman Manufacturing Company, The Arrow Electric Company, The H & H Electric Company and The Arrow Manufacturing Company,

142 *Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint.*

(l) No persons claiming to be creditors of the old respondent presented any claims to its directors acting as trustees. Accordingly on April 11, 1929 a majority of the directors of the old respondent, as required by law, executed and filed in the office of the Secretary of the State of Connecticut a certificate showing that they had completed their duties as trustees in liquidation. Said certificate was examined and approved by the Secretary of State and thereupon the dissolution of the old re-
143 spondent was complete. A copy of such certificate with the endorsement of the Secretary of State thereon is attached hereto, marked Exhibit D and made a part of this paragraph.

(m) The distribution by the old respondent of all its assets, consisting of shares of the common stock of The Hart & Hegeman Manufacturing Company and of The Arrow Electric Company, to its stockholders directly or through the medium of The H & H Electric Company and The Arrow Manufacturing Company was not done in violation of the Clayton Act or of any of the anti-trust laws of the United States, but was done in order to comply
144 with the criticism of the Commission that it should cease and desist from holding such shares.

(n) From and after December 6, 1928, on which date the old respondent transferred its shares in said companies, The Hart & Hegeman Manufacturing Company and The Arrow Electric Company became and were independent companies, having separate and independent officers, directors and stockholders, with no restraint on competition between them; and said companies were as independent and free from outside restraint and control as they were prior to the incorporation of the old respondent.

Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint. 145

8. The steps taken by The Hart & Hegeman Manufacturing Company, The Arrow Electric Company, The H & H Electric Company and The Arrow Manufacturing Company, resulting by way of consolidation and merger thereof in the new respondent, were as follows:

(A) At a meeting of the board of directors of The Arrow Electric Company held December 11, 1928 (after the old respondent had disposed of all its assets and voted to terminate its corporate existence and had passed into the hands of its direc- 146
tors acting as trustees in liquidation) it was voted to approve the form of agreement for the consolidation or merger of The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company, and to submit said agreement to its stockholders, as required by law, for approval. A majority of its directors then executed said agreement, as provided by law.

A special meeting of the stockholders of The Arrow Electric Company was then called to be held at ten o'clock on December 31, 1928 to approve such agreement of consolidation. Notice of such meet- 147
ing was duly mailed to each holder of preferred and common stock and published once a week for three successive weeks in a daily newspaper published in Hartford.

At such special meeting of the stockholders on December 31, 1928 the agreement of consolidation or merger was duly approved by a vote of more than two-thirds of all its outstanding preferred stock and also by a vote of more than two-thirds of all its outstanding common stock, and a certificate to

148 *Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint.*

that effect was duly executed under oath by its secretary.

(B) A copy of the minutes of said special meeting of the directors of The Arrow Electric Company, held December 11, 1928, and of said special meeting of the stockholders, held December 31, 1928, is attached hereto, marked Exhibit E, and made a part hereof.

(C) At a meeting of the board of directors of
149 The Hart & Hegeman Manufacturing Company held December 11, 1928 (after the old respondent had disposed of all its assets and voted to terminate its corporate existence and had passed into the hands of its directors acting as trustees in liquidation) it was voted to approve the form of agreement for the consolidation or merger of The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company, and to submit said agreement to its stockholders, as required by law, for approval. A majority of its directors then executed said agreement, as provided by law.

150 A special meeting of the stockholders of The Hart & Hegeman Manufacturing Company was then called to be held at eleven o'clock on December 31, 1928 to approve such agreement of consolidation. Notice of such meeting was duly mailed to each holder of preferred and common stock and published once a week for three successive weeks in a daily newspaper published in Hartford.

At such special meeting of the stockholders on December 31, 1928, the agreement of consolidation or merger was duly approved by a vote of more than two-thirds of all its outstanding preferred

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stock and also by a vote of more than two-thirds of all its outstanding common stock, and a certificate to that effect was duly executed under oath by its secretary.

(D) A copy of the minutes of said special meeting of the directors of The Hart & Hegeman Manufacturing Company, held December 11, 1928, and of said special meeting of the stockholders, held December 31, 1928, is attached hereto, marked Exhibit F, and made a part hereof.

152 (E) At a meeting of the board of directors of The Arrow Manufacturing Company held December 11, 1928 (after the old respondent had disposed of all its assets and voted to terminate its corporate existence and had passed into the hands of its directors acting as trustees in liquidation) it was voted to approve the form of agreement for the consolidation or merger of The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company, and to submit said agreement to its stockholders, as required by law, for approval. A majority of its directors then executed said agreement, as provided by law.

153 A special meeting of the stockholders of The Arrow Manufacturing Company was then called to be held at twelve o'clock on December 31, 1928 to approve such agreement of consolidation. Notice of such meeting was duly mailed to each stockholder and published once a week for three successive weeks in a daily newspaper published in Hartford.

At such special meeting of the stockholders on December 31, 1928 the agreement of consolidation or merger was duly approved by a vote of more

than two-thirds of all its outstanding stock, which was of one class, and a certificate to that effect was duly executed under oath by its secretary..

(F) A copy of the minutes of The Arrow Manufacturing Company from its original incorporation to and through the consolidation meeting of December 31, 1928 is attached hereto, marked Exhibit G, and made a part hereof.

(G) At a meeting of the board of directors of
155 The H & H Electric Company held December 11, 1928 (after the old respondent had disposed of all its assets and voted to terminate its corporate existence and had passed into the hands of its directors acting as trustees in liquidation) it was voted to approve the form of agreement for the consolidation or merger of The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company, and The H & H Electric Company, and to submit said agreement to its stockholders, as required by law, for approval. A majority of its directors then executed said agreement, as provided by law.

156 A special meeting of the stockholders of The H & H. Electric Company was then called to be held at one o'clock on December 31, 1928 to approve such agreement of consolidation. Notice of such meeting was duly mailed to each stockholder and published once a week for thre successive weeks in a daily newspaper published in Hartford.

At such special meeting of the stockholders on December 31, 1928 the agreement of consolidation or merger was duly approved by a vote of more than two-thirds of all its outstanding stock, which was of one class, and a certificate to that effect was duly executed under oath by its secretary.

Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint. 157

(H) A copy of the minutes of The H & H Electric Company from its original incorporation to and through the consolidation meeting of December 31, 1928 is attached hereto, marked Exhibit H, and made a part hereof.

(I) Such agreement of consolidation or merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company, thus approved by the stockholders of each of said four companies and bearing the certificate thereto by the secretary of each of said companies, was then filed in the office of the Secretary of the State of Connecticut and approved by him, and said agreement thereupon became immediately effective, thus creating the new respondent. A copy of such agreement of consolidation or merger, thus filed and approved, is attached hereto, marked Exhibit I, and made a part hereof. 158

(J) No corporate steps were taken by either one of the four consolidating corporations relating to the adoption of the so-called plan of reorganization and the merger of the corporations other than as set forth in the five preceding exhibits. 159

(K) The directors and stockholders of The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H Electric Company met and acted separately at their several and respective meetings, as required by law, and the action taken by such directors and stockholders separately in voting to merge such corporations into the new respondent under the laws of the state of Connecticut

160 was voluntary, independent and without any direction from or agreement with the old respondent.

(L) A copy of Sections 3520 to 3524, inclusive, of the General Statutes of Connecticut, Revision of 1918, being the statute law of Connecticut relating to the merger or consolidation of any two or more corporations organized under the general law of Connecticut and carrying on business of the same or similar nature, is attached hereto, marked Exhibit J, and made a part hereof.

161 (M) At the time of the dissolution of the old respondent there were outstanding 13,333 shares, of the par value of $100 each, of the preferred stock of The Hart & Hegeman Manufacturing Company, each of said shares having a market value of approximately $106, and 18,950 shares, of the par value of $100 each, of the preferred stock of The Arrow Electric Company, each of said shares having a market value of approximately $106, all of which preferred shares were held by the public, there being at that time about 303 preferred stockholders of The Hart & Hegeman Manufacturing Company, and about 655 preferred stockholders of
162 The Arrow Electric Company, and none of such preferred shares of either company were at any time owned by the old respondent. The holders of such preferred shares of each of said two companies by a vote of more than two-thirds of all the outstanding preferred stock in each case, as required by law, voted to approve such merger or consolidation and to receive in lieu of such preferred shares held by them the equivalent number of shares of the preferred stock of the merged or consolidated corporation, most of which preferred shares are still held and outstanding.

Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint. 163

(N) The preferred stockholders of the two constituent companies aforesaid held at the time of the dissolution of the old respondent capital stock of the two constituent companies of a par value greatly in excess of the par value of the common capital stock of those companies held by the old respondent, and today the preferred stockholders of the new respondent likewise hold capital of the new respondent of a par value greatly in excess of the par value of the common stock of the new respondent.

(O) The holders of the preferred stock of the 164
two constituent companies aforesaid were in no wise party to any of the steps looking to the formation of the old respondent or looking to a distribution of its assets to the two new companies, or to the dissolution of the old respondent, and took no part in the matter of the plan of merger or consolidation until after the old respondent had distributed all its assets and had voted to dissolve.

(P) The new respondent could not have been formed without the concurrent vote of approval by the holders of more than two-thirds of all the outstanding preferred stock of each of the constituent companies. Such preferred stockholders had no 165
notice of the dissolution of the old respondent or interest therein and no notice of the proposed plan of merger or consolidation until the calls for meetings of such preferred and common stockholders of the two constituent companies were issued on December 11, 1928, as required by law, after the old respondent had distributed its assets and had voted to terminate its corporate existence.

9. Clauses (f), (g), (h), (i) and (j) of Paragraph 7 are admitted, since the statements thereof,

although brief, are substantially true, but for the purpose of showing what precise steps were taken by the corporations referred to, copies of the minutes of ~~each~~ corporation have been annexed to this Answer for explanation as above set forth. The allegation, however, in clause (g) of Paragraph 7 that the preferred stockholders of the new respondent have no power to vote except as provided by statute unless in case of default in payment of dividends on preferred stock for six quarters is not
167 true, as appears by the consolidation or merger agreement, Exhibit I, attached hereto.

10. Under date of January 11, 1929 counsel notified the Federal Trade Commission that the old respondent had distributed all its assets and had voted to terminate its corporate existence, and had filed a certificate to that effect in the office of the Secretary of the State of Connecticut, and further that the new respondent had been formed by consolidation of The Arrow Electric Company, The Arrow Manufacturing Company, The Hart & Hegeman Manufacturing Company and The H & H
168 Electric Company, copy of which letter is attached hereto, marked Exhibit K, and made part hereof. From the time of the receipt of that letter until the filing of the supplemental complaint on the 29th of June, 1929, no objection or protest was received from the Federal Trade Commission or from its chief counsel as to the dissolution of the old respondent or the formation of the new respondent.

11. Paragraph 8 of the supplemental complaint is denied, and specifically it is denied that the stocks of The Hart & Hegeman Manufacturing Company

and The Arrow Electric Company were used by the old respondent throughout the aforesaid reorganization to effect the merger and consolidation of the new respondent.

12. Paragraph 8 (a) of the supplemental complaint is denied.

13. Paragraph 8 (b) is admitted, except that the last sentence thereof is denied, and further answering said paragraph (b) this new respondent alleges that the method of distribution outlined in said 170
paragraph (b) was designed and carried out to conform to the provisions of the Revenue Act of 1928.

14. Paragraph 8 (c) is denied.

15. Paragraph 9 is denied. Further answering said paragraph, this new respondent alleges that the steps taken by the old respondent, constituted a complete compliance with the demands of the Federal Trade Commission that the respondent should cease and desist from holding shares of the constituent companies, and this new respondent further alleges that the legality of all steps taken after 171
the dissolution of the old respondent is to be judged and tested by the provisions of the Sherman Act, so-called, and this new respondent further alleges that the merger or consolidation of the four companies into the new respondent was legal and valid under all the trust laws of the United States.

16. Paragraphs 10 and 11 are denied. Further answering said paragraphs the new respondent alleges that the steps taken by the old respondent

172 *Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint.*

were not taken to oust the Federal Trade Commission but were taken, without prejudice, to comply with its demands. No one of the persons named in the proxies referred to in paragraph 10 was either a director or officer of any one of the corporations referred to in this Answer. They were independent gentlemen, heading large banking, insurance and commercial corporations, and were selected because of their representative standing in the community, as men in whom the various stockholders would
173 have the utmost confidence.

17. The Hart & Hegeman Manufacturing Company and The Arrow Electric Company were corporations of mature years existing side by side in the city of Hartford, their plants being within half a mile of each other. It was both natural, proper and for the interest of economy and to prevent waste that, in so far as their products of manufacture were concerned, raw material should be obtained from sources in common. The old respondent did not use its control of said corporations for the elimination of competition. Competition remained between them commercially as before and
174 prices in certain of the larger lines were reduced. The respective corporations sought a consolidation or merger for the purpose of meeting competition from strong competitors in the industry, to reduce waste, to effect economies, to better product and to lower prices. The sales of the consolidated company are less than 20% of the sales of the total industry in the United States doing a similar business. The merger and consolidation was a proper step and has proved to be a proper step for industry and was and is in line with the general recommendations of the Department of Commerce.

Answer of the Arrow-Hart & Hegeman Electric Company to the Supplemental Complaint.

The further prosecution of this proceeding would be an injury to the financial interests of many innocent stockholders, and instead of being an aid to competition would be a blow to the industry of manufacturing and selling electric wiring devices as a whole and an injury to the consuming public.

WHEREFORE this respondent, having fully answered the charges contained in the supplemental complaint, prays that the same may be dismissed.

Dated at Hartford, this 11th day of October, 1929.

THE ARROW-HART & HEGEMAN ELECTRIC COMPANY,
By EDWARD R. GRIER,
President,
103 Hawthorne Street,
Hartford, Connecticut.

ARTHUR L. SHIPMAN,
CHARLES WELLES GROSS,
WALLACE W. BROWN,
Attorneys for Respondent.

178 **Exhibit A.**

ARROW-HART & HEGEMAN, INCORPORATED.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

A special meeting of the stockholders of Arrow-Hart & Hegeman, Incorporated will be held in the Directors' Room of the Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut, on Monday, December 10, 1928, at ten o'clock in the forenoon, to confirm the vote of its Board of Directors passed at a meeting held No-
179 vember 10, 1928, a copy of which vote of said Board of Directors is as follows:

> "VOTED: That the corporate existence of this corporation be terminated and that a special meeting of the stockholders be called to be held December 10, 1928 to confirm this vote."

and to authorize the directors to distribute the assets of the corporation to its stockholders, in such manner as they may determine; and to transact any other business proper to come before such meeting.

180 Dated at Hartford, this 10th day of November, 1928.

By order of the Board of Directors,

B. C. PERKINS,
Secretary.

Exhibit A. 181

ARROW-HART & HEGEMAN, INCORPORATED

Hartford, November 10th, 1928.

To the stockholders of Arrow-Hart & Hegeman, Inc.:

The dissolution of Arrow-Hart & Hegeman, Inc. and the distribution of its assets among its stockholders have been recommended by counsel to meet the recent criticism of the Federal Trade Commission of the organization of our company and its control of the two companies, The Arrow Electric Company and The Hart & Hegeman Manufacturing 182
Company, through stock ownership.

The directors of Arrow-Hart & Hegeman, Inc. have, therefore, voted to recommend its dissolution and the distribution of its assets among its stockholders in kind. Enclosed is formal notice of meeting of stockholders to confirm such action. The entire assets of the corporation are shares of the common stock of The Arrow Electric Company and of The Hart & Hegeman Manufacturing Company. It is expected that distribution will be made of these shares in kind so that each stockholder shall receive shares of the common stock of either one or both of said companies. 183

Enclosed we hand you proxy and consent which concerns the dissolution of Arrow-Hart & Hegeman, Inc. and the distribution of its assets among you as stockholders.

The following gentlemen, stockholders of this company, have consented to act as your attorneys and proxies in the matter:

Leon P. Broadhurst, who is President of the Phoenix State Bank and Trust Company;

William R. C. Corson, who is President of the Hartford Steam Boiler Inspection and Insurance Company;

184 *Exhibit A.*

John O. Enders, who is Chairman of the Board of the Hartford National Bank and Trust Company;

Joseph R. Ensign, who is President of The Ensign-Bickford Company of Simsbury;

Philip B. Gale, who is President of the Standard Screw Company; and

Robert B. Newell, who is President of the Hartford National Bank and Trust Company.

As a three-fourths vote of the stock of this company is required to carry out this plan, please sign
185 and return this consent and proxy to the Phoenix State Bank and Trust Company, Trust Department, Hartford, Connecticut, as soon as possible, for which a reply envelope is enclosed.

We believe that upon distribution of this company's assets the directors of The Arrow Electric Company and of The Hart & Hegeman Manufacturing Company will propose to the stockholders of each company an agreement of consolidation of these two companies. Further details will be sent you upon the conclusion of the liquidation of Arrow-Hart & Hegeman, Inc. for your approval.

Much progress has been made in efficiency and
186 economy through the organization of your company and more, we are confident, can be accomplished by actual merger and consolidation of the two companies, viz: The Arrow Electric Company and The Hart & Hegeman Manufacturing Company.

Yours very truly,

EDWARD R. GRIER,
President.

SAMUEL P. WILLIAMS,
Vice-President.

Exhibit B.

187

ARROW-HART & HEGEMAN, INCORPORATED

Hartford, December 1, 1928.

To the Stockholders of Arrow-Hart & Hegeman, Incorporated.

OUTLINE OF PLAN OF REORGANIZATION

Supplementing our circular letter to you, dated November 10, 1928, we now outline to you more fully the steps in the plan of reorganization involving this company, The Arrow Electric Company 188
and The Hart & Hegeman Manufacturing Company, indicating, subject to change, the various steps which shall be taken to consummate such plan of reorganization.

It is proposed that

(a) By vote of its stockholders Arrow-Hart & Hegeman, Incorporated will transfer to a new Arrow company all the shares of the common stock of The Arrow Electric Company in exchange for all the shares of the new Arrow company which will be issued either to this company or directly to you as its stockholders in proportion to your present 189
holdings of the stock of this company. Likewise, Arrow-Hart & Hegeman, Incorporated will transfer to a new Hart & Hegeman company all the shares of the common stock of The Hart & Hegeman Manufacturing Company in exchange for all the shares of the new Hart & Hegeman company which will be issued either to this company or directly to you as its stockholders in proportion to your present holdings of the stock of this company. When this stock

190 *Exhibit B.*

of the new companies has been issued, the entire value of your present holdings will be represented by the new stock. There will, therefore, be no necessity for you to surrender the certificates of stock which you now hold in Arrow-Hart & Hegeman, Incorporated.

To authorize this first step in the plan of reorganization a special stockholders' meeting of Arrow-Hart & Hegeman, Incorporated will be held on December 6, 1928, of which a formal notice is enclosed herewith, with a form of proxy running to
191 the same six gentlemen who are your proxies for the meeting called for December 10th, which you will kindly execute and return promptly in the enclosed envelope.

(b) That when such exchange of shares in conformity to the plan of reorganization, made necessary to meet the criticism of the Federal Trade Commission, as indicated in our former letter and notice, has been consummated, there will be no further reason for the continued corporate existence of Arrow-Hart & Hegeman, Incorporated, and therefore, at a meeting called for December 10, 1928, or at an adjournment thereof, it is anticipated that
192 that corporation will be dissolved.

(c) That immediately thereafter a merger or consolidation of the four corporations then in existence, namely, The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, the new Arrow company and the new Hart & Hegeman company, will be submitted to the stockholders for approval. It is hoped that if adopted this merger or consolidation will be effective at the close of business on December 31, 1928.

193

These separate steps, as a part of one plan of reorganization, in the opinion of counsel, are desirable not only to meet the criticism of the Federal Trade Commission but also to bring the reorganization unquestionably within the provisions of the Revenue Act of 1928 in such a way that the exchange of shares will involve no tax to any stockholder. Your officers and counsel have conferred upon this point with Colonel Robert H. Montgomery, of New York, the well known authority on income tax law and procedure, and it is his opinion that this plan of reorganization under the provisions of the Revenue Act involves no taxable gain to the stockholders.

194

As above stated, it is essential that we have your prompt cooperation to effect these corporate steps. A two-thirds vote of all the stock is necessary for the meeting called for December 6th. A form of proxy is enclosed, which will authorize the gentlemen named therein to act for you in support of such a plan of reorganization above outlined and as the same may be modified with their approval. The proxy will also authorize those gentlemen to receive on your behalf the stock in the new Arrow company and in the new Hart & Hegeman company and to surrender that stock on your behalf in exchange for shares of the merged or consolidated corporation which it is expected will be organized before the close of the year. The proxy also gives them the right to execute any instruments and do any acts, sign any waivers, or take any other steps which may be necessary or advisable in their opinion to accomplish such reorganization in the best and most expeditious manner.

195

196 *Exhibit B.*

At a meeting of your directors, held November 30, 1928, it was voted to close the stock transfer books of this company from November 30, 1928, until after the adjournment of the meeting called for December 10, 1928.

Yours very truly,

EDWARD R. GRIER,
President.

197 SAMUEL P. WILLIAMS,
Vice-President.

198

Exhibit C.

199

DECEMBER 1ST, 1928

CALL OF SPECIAL MEETING

of the

STOCKHOLDERS

of

ARROW-HART & HEGEMAN, INCORPORATED

A Special Meeting of the Stockholders of Arrow-Hart & Hegeman, Incorporated will be held in the Directors' Room of the Phoenix State Bank & Trust 200
Company, No. 803 Main Street, Hartford, Connecticut, on Thursday, December 6, 1928, at 10 o'clock in the forenoon, to adopt a plan of reorganization; to authorize the officers and/or directors of this corporation to transfer the shares owned by it of the common stock of The Arrow Electric Company and of The Hart & Hegeman Manufacturing Company to a new corporation or corporations in exchange for all the shares of the capital stock of such new corporation or corporations, which new stock shall be issued either to this corporation or to its stockholders; to authorize the directors to agree to the terms and conditions of such a plan of reor- 201
ganization and exchange of stock in such manner as they may then determine, and to transact any other business proper to come before such meeting.

Dated at Hartford, this 1st day of December, 1928.

By Order of the Board of Directors,

B. C. PERKINS,
Secretary.

202 *Exhibit C.*

DECEMBER 6, 1928

MINUTES OF SPECIAL MEETING

of the

STOCKHOLDERS

of

ARROW-HART & HEGEMAN, INCORPORATED

A Special Meeting of the Stockholders of Arrow-Hart & Hegeman, Incorporated was duly held, pur-
203 suant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut (that being the corporate office of this company) on Thursday, December 6, 1928, at 10 o'clock in the forenoon.

The Secretary, Mr. B. C. Perkins, read the call of the meeting, and stated that a copy of this call was mailed on December 1st, 1928, to each stockholder of record, addressed to him at his last known address registered on the books of the company. This call was then ordered recorded with the minutes of the meeting.

The Secretary also presented an alphabetical list
204 of the stockholders of the corporation, as required by law.

Messrs. George H. Burt and George A. Chandler were then duly appointed a committee on proxies and tellers, and as such committee they reported that One Hundred Seventy Thousand Nine Hundred Seventy Eight (170,978) shares of the stock of this company issued and outstanding, all of one class, was represented by proxy at this meeting.

There was then read the complete record of the minutes of the special meeting of the Board of

Exhibit C.

Directors of this company duly held on November 30, 1928, including an outline of a plan of reorganization which was presented to that meeting and the vote of the Board of Directors approving that plan of reorganization and calling this special meeting of stockholders to consider and adopt such plan, and to authorize the exchange of shares therein provided for. A copy of the outline of the plan as presented to the directors and read at this meeting was then ordered made a part of the minutes of this meeting. 205

"The outline of the plan is as follows: 206

(a) By a vote of its stockholders Arrow-Hart & Hegeman, Incorporated will transfer to a new Arrow Company, to be known as The Arrow Manufacturing Company, all the shares of the common stock of the Arrow Electric Company in exchange for all the shares of the Arrow Manufacturing Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share, par value $5.00, for every share of Arrow-Hart & Hegeman, Inc. now held by the stockholders. Likewise, Arrow-Hart & Hegeman, Incorporated will transfer 207 to a new Hart & Hegeman Company, to be known as The H & H. Electric Company, all the shares of the common stock the The Hart & Hegeman Manufacturing Company in exchange for all the shares of the H & H Electric Company, which will be issued directly to the stockholders of Arrow-Hart &. Hegeman, Incorporated in the proportion of one share of the H & H Electric Company, par value $5.00 for each share of Arrow-Hart & Hegeman, In-

208 *Exhibit C.*

corporated now held by the stockholders. This will be done without a surrender of the shares of Arrow-Hart & Hegeman, Incorporated.

To accomplish this first step a special stockholders' meeting of Arrow-Hart & Hegeman, Incorporated will be called and held on December 6, 1928.

(b) When such exchange of shares in conformity to this plan of reorganization has been consummated prior to December 10, 1928, there will be no further reason for the continued corporate existence of Arrow-Hart & Hegeman, Incorporated, and, therefore, at the meeting called for December 10, 1928, or at an adjournment thereof, that corporation may be dissolved. It will then have no assets and no liabilities, and its dissolution will be a purely formal matter.

209

(c) There will then be in existence four corporations,—The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, the new Arrow Manufacturing Company and the new H & H Electric Company. The corporate stock of these four companies will then be held as follows:

210

Name of Company	*Stock*			*Stockholders*
Arrow Electric Company	30,000 shs.	Com. par	$25	Arrow Mfg. Co.
	18,950 "	Pfd. "	$100	Public
Hart & Hegeman Mfg. Co.	20,000 "	Com. "	$25	H&H Elec. Co.
	13,333 "	Pfd. "	100	Public
Arrow Mfg. Co.	200,000 "	Com. "	5	Public
H & H Electric Co.	200,000 "	Com. "	5	Public

Exhibit C.

The plan provides that these four companies, all having manufacturing charters, will make an agreement for consolidation or merger by vote, in the first instance, of the Board of Directors of each of the four companies, to be dated about December 10, 1928 and to be submitted to stockholders at a meeting to be called for each corporation on December 31, 1928, at which time the agreement, if approved by the stockholders, will be effective, a particularly advantageous time at the close of the tax year. By this agreement of merger or consolidation it will result that the merged or consolidated corporation will have outstanding one class of preferred stock equal in the aggregate to the number of shares of preferred stock of Arrow Electric Company and Hart & Hegeman Manufacturing Company now outstanding, so that the public owning the preferred stock will receive one share of preferred stock, of the par value of $100, for each share of preferred stock of the Arrow Electric Company now outstanding, and one share of preferred stock for each share of preferred stock of The Hart & Hegeman Manufacturing Company now outstanding; that the common stock of the merged or consolidated corporation will be 200,000 shares, of the par value of $10, so that one share of the common stock of the merged or consolidated corporation will be issued in exchange for a unit of one share of The Arrow Manufacturing Company common, of the par value of $5, and one share of The H & H Electric Company common, par value $5, the net result on common stock being that the stockholders of Arrow-Hart & Hegeman, Incorporated will ulti-

214 *Exhibit C.*

mately hold one share of the merged or consolidated corporation, of the par value of $10, for every one share of Arrow-Hart & Hegeman, Incorporated now being held by them."

The matter was then discussed, and in that connection there was presented to the meeting a certified audit of the affairs of the company made by Messrs. Hadfield, Rothwell, Soule and Coates showing that the company had no liabilities.

The following motion was then offered by Mr. Burt and seconded by Mr. Corson:

215

VOTED: That the Plan of Reorganization submitted to and approved by the Board of Directors of this Company at their meeting on November 30, 1928, as set forth in the minutes of that meeting, be and hereby is approved and adopted;

That pursuant thereto this corporation transfer and convey to The Arrow Manufacturing Company all the holdings of this corporation in the common stock of the Arrow Electric Company, consisting of 30,000 shares (par $25 each) in exchange for all the capital stock of

216 The Arrow Manufacturing Company, consisting of 200,000 shares (par $5 each) and that said The Arrow Manufacturing Company be and it is hereby directed to issue and deliver said 200,000 shares to and in the names of the several and respective stockholders of this corporation pro rata and in the proportion of one share of The Arrow Manufacturing Company for each share of Arrow-Hart & Hegeman, Incorporated now held by them as shown by the stock books of this company, of which an attested list shall be furnished to The Arrow

Exhibit C.

Manufacturing Company by the Secretary of this company;

That pursuant thereto this corporation transfer and convey to The H & H Electric Company all the holdings of this corporation in the common stock of the Hart & Hegeman Manufacturing Company, consisting of 20,000 shares (par $25 each) in exchange for all the capital stock of The H & H Electric Company, consisting of 200,000 shares (par $5 each), and that said The H & H Electric Company be and it is hereby directed to issue and deliver said 200,000 shares to and in the names of the several and respective stockholders of this corporation pro rata and in the proportion of one share of The H & H Electric Company for each one share of Arrow-Hart & Hegeman, Incorporated now held by them as shown by the stock books of this company of which an attested list shall be furnished to The H & H Electric Company by the Secretary of this company, and

That the President of this company, or the Treasurer, be and he is hereby authorized and directed to execute and deliver all instruments necessary or convenient to carry out such exchange of shares.

The President stated that the law of Connecticut requires a vote of at least two-thirds of all the outstanding stock of the corporation for the passage of the foregoing resolutions and that a stock ballot was therefore necessary.

A stock ballot was taken and at the close of the polls the tellers reported as follows:

220 *Exhibit C.*

Total number of shares outstanding	200,000
Number of shares necessary for passage of the resolutions	133,334
Total number of shares voting in favor of the resolutions	170,978
Total number of shares voting against the resolutions	00

The President then declared the resolutions carried by a vote of more than two-thirds of all the outstanding stock of the corporation.

221 The President stated that under the plan of reorganization outlined in the communication to the stockholders of this company dated December 1, 1928 and signed by Messrs. Grier and Williams, it was desirable that the new corporation resulting from the consolidation and merger of The Arrow Manufacturing Company, The H & H Electric Company, The Arrow Electric Company and the Hart & Hegeman Manufacturing Company should be free to adopt the name of The Arrow-Hart & Hegeman Electric Company or some similar name. This company has disposed under the foregoing votes of all its assets and its directors have voted to recommend
222 to its stockholders the dissolution of the company. This action will be ratified at the stockholders' meeting to be held on December 10, 1928. The President suggested the passage of the following votes, which, on motion made by Mr. Shipman and seconded by Mr. Chase were unanimously passed:

VOTED: That this company consent to the adoption of the name The Arrow-Hart & Hegeman Electric Company or some similar name by the new corporation to come into existence from the merger and consolidation of The Arrow Manufacturing Company, The H & H Elec-

Exhibit C. 223

tric Company, The Arrow Electric Company and The Hart & Hegeman Manufacturing Company.

VOTED: That the Secretary of this company furnish to the Secretary of State of Connecticut an attested copy of the foregoing statement and vote.

The meeting then adjourned.

Attest:

BENJ. C. PERKINS
Secretary 224

I hereby certify that the foregoing is a true and correct transcript of the minutes of a special meeting of the stockholders of Arrow-Hart & Hegeman, Incorporated, duly held on December 6, 1928.

Attest:
BENJ. C. PERKINS
Secretary.

Special Meeting of Stockholders of the Arrow-Hart & Hegeman, Incorporated, December 6, 1928.
Ballot on resolutions in favor of Plan of Reorganization and exchange of shares as presented 225

Voted Yes
170,978 Shares represented by proxies

ROBERT B. NEWELL
JOSEPH R. ENSIGN
PHILIP B. GALE
WM. R. C. CORSON
LEON P. BROADHURST
Proxies for Holders of Shares of the above number.

226 *Exhibit C.*

DECEMBER 10TH, 1928

MINUTES OF SPECIAL MEETING

of the

STOCKHOLDERS

of

ARROW-HART & HEGEMAN, INCORPORATED

A Special Meeting of the Stockholders of Arrow-Hart & Hegeman, Incorporated was duly held, pur-
227 suant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut, (that being the corporate office of the corporation) on Monday, December 10, 1928, at 11 o'clock in the forenoon.

The call for the meeting was read and ordered recorded with the minutes of the meeting.

The Secretary made return that a copy of this call was mailed on November 10, 1928, thirty days in advance of the meeting, to each stockholder of record, addressed to him at his last known address registered on the books of the company, and that a copy of such call was published once a week for
228 four weeks next preceding such meeting in the Hartford Daily Courant, a newspaper of this State, having a circulation in the Town of Hartford, where this corporation is located. He also produced a publisher's affidavit of the Hartford Courant as to the publication.

The Secretary also presented an alphabetical list of the stockholders of the corporation as required by law.

Messrs. George H. Burt and Monroe Guett were then duly appointed a committee on proxies and

Exhibit C. 229

tellers and as such committee they reported that One Hundred Eighty Six Thousand Eight Hundred Fifty-Six (186,856) shares of the stock of this company issued and outstanding, all of one class, was represented by proxy at this meeting.

There was then read to the meeting a copy of the vote passed by the Board of Directors of this company at their meeting held on November 10, 1928, a copy of which vote is as follows:

"VOTED: That the corporate existence of this corporation be terminated and that a special meeting of the stockholders be called, to be 230
held December 10, 1928, to confirm this vote."

It was further stated that in pursuance of the Plan of reorganization this company, pursuant to a vote of the stockholders at their meeting held December 6, 1928, has transferred to The Arrow Manufacturing Company all the holdings of this corporation in the common stock of The Arrow Electric Company, consisting of Thirty Thousand (30,000) shares, par value $25.00 each, in exchange for all the capital stock of The Arrow Manufacturing Company, consisting of 200,000 shares of the par value of $5.00 each, which have been issued to 231
and in the names of the several and respective stockholders of this corporation, pro rata, and in the proportion of one share of Arrow Manufacturing Company for each one share of Arrow-Hart & Hegeman, Incorporated now held by them, as shown by the stock lists of this company.

And that likewise this company has transferred to The H & H Electric Company all the holdings of this corporation in the common stock of the Hart & Hegeman Manufacturing Company, consisting of 20,000 shares, par value $25.00 each, in ex-

232 *Exhibit C.*

change for all the capital stock of The H & H Electric Company, consisting of 200,000 shares of the par value of $5.00 each, which have been issued to and in the names of the several and respective stockholders of this corporation pro rata and in the proportion of one share of the H & H Electric Company for each one share of Arrow-Hart & Hegeman, Incorporated so held by them, as shown by the stock lists of this company;

And that at the meeting on December 6th there was presented a certified audit of the condition of
233 this company made by Messrs. Hadfield, Rothwell, Soule & Coates, showing that all the assets of this corporation at that time consisted of the shares of the common stock of The Arrow Electric Company and all the shares of the common stock of The Hart & Hegeman Manufacturing Company, and that this company had no liabilities. Having now transferred all its assets, it is now the fact that this company has no assets and no liabilities and that, as these steps were taken pursuant to a Plan of Reorganization approved by the stockholders of this company on December 6, 1928, there is no further reason for the continued corporate existence of this
234 company.

The matter was then discussed and the following motion was then offered:

> VOTED: That the action of the directors of this corporation in voting to terminate its corporate existence be and the same is hereby confirmed.

The President stated that a three-fourths vote of all the outstanding stock was necessary for the passage of the foregoing resolution and that a stock vote was therefore necessary.

Exhibit C.

235

A stock ballot was taken and at the close of the polls the tellers reported as follows:

Total number of shares outstanding	200,000
Number of shares necessary for the passage of the resolution	150,000
Total number of shares voting in favor of the resolution	186,856
Total number of shares voting against the resolution	00

The President then declared the resolution carried by a vote of more than three-fourths of all the outstanding stock of this corporation. 236

It was then on motion made by Mr. Gross and seconded by Mr. Gale unanimously

VOTED: That the directors make and file in the office of the Secretary of State the necessary preliminary certificate of dissolution.

A form of such certificate was then presented and a majority of the directors executed the same.

On motion offered by Mr. Corson, seconded by Mr. Burt, it was

VOTED: That this company consent to the adoption of the name The Arrow-Hart & Hegeman Electric Company or some similar name by the new corporation to come into existence from the merger and consolidation of The Arrow Manufacturing Company, The H & H Electric Company, The Arrow Electric Company and The Hart & Hegeman Manufacturing Company. 237

The meeting then adjourned.

Attest:

BENJ. C. PERKINS
Secretary.

238 *Exhibit C.*

Special Meeting of Stockholders of Arrow-Hart & Hegeman, Incorporated, December 10, 1928.

Ballot in favor of resolution to confirm the vote of the Board of Directors, November 10, 1928 to terminate the corporate existence of this Company

Voted Yes
186,856 shares represented by proxies

L. P. BROADHURST
WM R. C. CORSON
239 JOSEPH R. ENSIGN
PHILIP B. GALE
JOHN O. ENDERS
ROBERT B. NEWELL
Proxies for Holders of Shares of the above number.

240

Exhibit D.

241

STATE OF CONNECTICUT,
Office of the Secretary.

FINAL CERTIFICATE OF DISSOLUTION

of

ARROW-HART & HEGEMAN, INCORPORATED

We, the undersigned, a majority of the directors of Arrow-Hart & Hegeman, Incorporated, a corporation organized under the statute laws of the State of Connecticut and located in the Town of Hartford in said State, acting herein as trustees to close up 242
the business of said corporation under the provisions of said statute laws,

HEREBY CERTIFY, that we have completed our duties as prescribed by Section 3447 of the Revised Statutes of 1918, in winding up the affairs of said corporation, and we further certify that at the time said corporation voted to terminate its corporate existence it had no assets and that no claims against it have been presented to us. There were therefore no assets to sell or collect and no assets to distribute.

Dated at Hartford, this 11th day of April, 1929. 243

EDWARD R. GRIER
SAMUEL P. WILLIAMS
MONROE GUETT
CHAS. E. CHASE
DANIEL J. GLAZIER
GEO. H. BURT
ARTHUR P. DAY
G. S. STEVENSON
A Majority of the Directors
acting as Trustees.

244 *Exhibit D.*

STATE OF CONNECTICUT }
COUNTY OF HARTFORD } ss.:

Hartford, April 11—1929.

Personally appeared Edward R. Grier, Samuel P. Williams, Monroe Guett, Chas. E. Chase, Daniel J. Glazier, Geo. H. Burt, Arthur P. Day, G. S. Stevenson being a majority of the directors, acting as trustees, of Arrow-Hart & Hegeman, Incorporated, and made oath to the truth of the foregoing
245 certificate by them signed, before me

MAE. J. LILLIE
Notary Public

(Seal)

Approved Apr. 11, 1929

William L. Higgins, Secretary
By Elmer H. Lounsbury

246

Exhibit E.

247

DECEMBER 8, 1928

CALL OF SPECIAL MEETING

of the

DIRECTORS OF

THE ARROW ELECTRIC COMPANY

A Special Meeting of the Board of Directors of The Arrow Electric Company will be held at the office of the Phoenix State Bank & Trust Company, No. 803 Main Street, on Tuesday, December 11th, 248
1928 at two o'clock in the afternoon to consider and approve an agreement for the consolidation or merger of—

The Arrow Electric Company
The Hart & Hegeman Manufacturing Company
The Arrow Manufacturing Company
The H. & H. Electric Company

pursuant to the plan of reorganization, of which you have knowledge; and to transact any other business incidental to the same matter.

Your presence is earnestly desired as the agree- 249
ment, if approved, must be signed by at least a majority of the Board.

By order of the President.

E. BOSWORTH GRIER,
Assistant Secretary.

250 *Exhibit E.*

DECEMBER 11TH, 1928

MINUTES OF SPECIAL MEETING

of the

DIRECTORS

of

THE ARROW ELECTRIC COMPANY

At a special meeting of the Board of Directors of the Arrow Electric Company held at the office of
251 Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, on Tuesday, December 11, 1928 at two o'clock P. M., pursuant to the foregoing call, the following directors were present: Messrs. ier, Perkins, Glazier, Ten Eyck, Pond and Shipn.

The President stated that the meeting was called to consider and act upon a proposed agreement for the consolidation or merger of this company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and the H & H Electric Company, pursuant to a plan of reorganization, an outline of which is set forth in the minutes
252 of a meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated held November 30, 1928, a copy of which minutes was presented to this meeting and which is annexed hereto for reference.

He further presented written form of agreement of consolidation or merger of said companies, a copy of which is annexed to these minutes. The same was fully considered and discussed. On motion duly seconded the form of said agreement was approved and signed by the individual directors of the company under its corporate seal.

Exhibit E.

Thereupon on motion duly seconded it was unanimously VOTED: To submit said agreement to the stockholders of this company and that a meeting thereof be called for the purpose of considering the same, to be held at the office of Phoenix State Bank & Trust Company, No. 803 Main Street, Hartford, on Monday, December 31, 1928 at ten o'clock A. M., and that notice of the time, place and object of such meeting be mailed forthwith to the last known post office address of each of the stockholders of this corporation as on file with this company, and that such notice be published once in each week for three successive weeks in the Hartford Times.

Forms of call for said meeting, circular letter and proxy to be inclosed therewith were presented and the same were severally approved.

On motion duly made and seconded the following vote was passed:

VOTED: That Messrs. Grier, Glazier and Perkins be and they hereby are appointed an investment committee of this Board who are hereby authorized until further order of this Board to purchase, sell and exchange property, securities and investments which they may deem for the advantage of the surplus funds of the company, and to invest and reinvest the proceeds of sales of the same at their discretion.

The President reported that a meeting of the stockholders of the Hart & Hegeman Manufacturing Company would be held on December 31, 1928

256 *Exhibit E.*

for the purpose of considering said agreement of consolidation and merger. It was thereupon unanimously voted that the executive officers of this company or any one of them be and they hereby are authorized to vote any and all stock of said The Hart & Hegeman Manufacturing Company that may be held in the treasury of this company in favor of resolution approving such merger and consolidation.

No further business appearing, the meeting thereupon adjourned.

257

CHARLES A. TEN EYCK,
Secretary.

NOVEMBER 30TH, 1928

MINUTES OF THE SPECIAL MEETING

of the

BOARD OF DIRECTORS

of

258 ARROW-HART & HEGEMAN, INCORPORATED

A special meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated was duly held, pursuant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company, 803 Main Street, Hartford, Connecticut, on Friday, November 30, 1928 at 4 o'clock in the afternoon.

The following directors were present, namely, Messrs. Grier, Burt, Chase, Day, Glazier, Guett, Perkins, Stevenson and Williams.

Exhibit E.

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There were also present the Companies' Counsel, Messrs. Arthur L. Shipman and Charles Welles Gross.

The President reported that since the last meeting of this Board on November 10, 1928, the officers and counsel have been at work upon the formulation of the plan of reorganization and have considered the matter both from the viewpoint of satisfying the criticism of the Federal Trade Commission and of meeting the income tax situation. Mr. Arthur Randall, C. P. A. of this City has been of great assistance to your officers and counsel in suggesting and in working out the details of the plan 260
hereinafter set forth. They have also conferred with Colonel Robert H. Montgomery of New York, the well known authority on Income Tax Law and Procedure, and have received from Colonel Montgomery an opinion, dated November 27, 1928, that the plan outlined in that opinion will involve no taxable gain either to the corporation or its stockholders at this time.

The Outline of the plan is as follows:

(a) By vote of its stockholders Arrow-Hart & Hegeman, Incorporated will transfer to a new Arrow Company, to be known as the Ar- 261
row Manufacturing Company, all the shares of the common stock of the Arrow Electric Company in exchange for all the shares of the Arrow Manufacturing Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share, par value $5.00 for every share of Arrow-Hart & Hegeman, Inc., now held by the stockholders. Likewise, Arrow-Hart & Hegeman, Incorporated, will trans-

262 *Exhibit E.*

fer to a new Hart & Hegeman Company, to be known as The H & H Electric Company, all the shares of the common stock of the Hart & Hegeman Manufacturing Company in exchange for all the shares of the H & H Electric Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share of The H & H Electric Company, par value $5.00 for each share of Arrow-Hart & Hegeman, Incorporated now held by the stockholders. This
263 will be done without a surrender of the shares of Arrow-Hart & Hegeman, Incorporated.

To accomplish this first step a special stockholders' meeting of Arrow-Hart & Hegeman, Incorporated, will be called and held on December 6, 1928.

(b) When such exchange of shares in conformity to this plan of reorganization has been consummated prior to December 10, 1928, there will be no further reason for the continued corporate existence of Arrow-Hart & Hegeman, Incorporated, and, therefore, at the meeting called for December 10, 1928, or at an adjournment thereof that corporation may be dis-
264 solved. It will then have no assets and no liabilities, and its dissolution will be a purely formal matter.

(c) There will then be in existence four corporations,—The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, the new Arrow Manufacturing Company and the new H & H Electric Company. The corporate stock of these four companies will then be as follows:

Exhibit E.

Name of Company	*Stock*			*Stockholders*
Arrow Electric Company	30,000 shs.	Com. par.	$25	Arrow Mfg. Co.
	18,950 "	Pfd. "	100	Public
Hart & Hegeman Mfg. Co.	20,000 "	Com. "	25	H&H Elec. Co.
	13,333 "	Pfd. "	100	Public
Arrow Mfg. Company	200,000 "	Com. "	5	Public
H & H Electric Co.	200,000 "	Com. "	5	Public

The plan provides that these four companies, all having manufacturing charters, will make an agreement for consolidation or merger by vote, in the first instance, of the Board of Directors of each of the four companies, to be dated about December 10, 1928, and to be submitted to stockholders at a meeting to be called for each corporation on December 31, 1928, at which time the agreement, if approved by the stockholders will be effective, a particularly advantageous time as the close of the tax year. By this agreement of merger or consolidation it will result that the merger or consolidated corporation will have outstanding one class of preferred stock equal in the aggregate to the number of shares of preferred stock of Arrow Electric Company and Hart & Hegeman Manufacturing Company now outstanding, so that the public owning the preferred stock will receive one share of preferred stock, of the par value of $100 for each share of preferred stock of the Arrow Electric Company now outstanding and one share of preferred stock for each share of preferred stock of the Hart & Hegeman Manufacturing Company now outstanding; that the common stock of the merged or consolidated corporation will be 200,000 shares, of the par value of $10 so that one share of

268 *Exhibit E.*

the common stock of the merged or consolidated corporation will be issued in exchange for a unit of one share of the Arrow Manufacturing Company, common, of the par value of $5, and one share of The H & H Electric Company common, par value $5, the net result on common stock being that the stockholders of Arrow-Hart & Hegeman Incorporated will ultimately hold one share of the merged or consolidated corporation, of the par value of $10 for every one share of Arrow-Hart & Hegeman, Incorporated now held by them.

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The President further reported that, to accomplish this entire plan of reorganization before the close of the calendar year, it is necessary that notices for such a meeting be issued forthwith, to be held December 6th, and in order that these notices may be printed and be issued tomorrow, December 1st, counsel have approved a form of letter to the stockholders of Arrow-Hart & Hegeman, Incorporated, a form of proxy running to the same six gentlemen who have been named in the proxy for the meeting of December 10th, and a form of call for the meeting all of which he then submitted for consideration and approval by this meeting.

270

The matter was then discussed and it was then, on motion made by Mr. Burt and seconded by Mr. Chase,

VOTED: That the plan of reorganization as outlined by the President be approved by this Board and that a special meeting of the stockholders be called for December 6, 1928, to consider and adopt such plan and to authorize the exchange of shares therein provided for.

Exhibit E.

On motion made by Mr. Chase and seconded by Mr. Stevenson it was further

VOTED: That the form of the call for such meeting, the form of Power of Attorney Consent and proxy submitted and the form of letter to be sent to stockholders, signed by Mr. Grier, as President and Mr. Williams, as Vice President, be and they are hereby approved.

In order to prepare papers for the carrying out of such plan, if adopted, and in order to expedite the voting at both meetings on December 6th and December 10th by proxy, it was on motion made by Mr. Day and seconded by Mr. Burt:

VOTED: That in accordance with the by-laws of this company, the stock transfer books of this company be closed from this 30th day of November, 1928, until the final adjournment of the stockholders' meeting called for December 10, 1928.

The meeting adjourned at 5:30 o'clock P. M.

Attest:

Secretary.

274 *Exhibit E.*

DECEMBER 31, 1928

MINUTES OF SPECIAL MEETING

of the

STOCKHOLDERS

of

THE ARROW ELECTRIC COMPANY

A Special meeting of the Stockholders of the Arrow Electric Company was duly held, pursuant to
275 notice, in the Directors' Room of the Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut, on Monday, December 31, 1928, at 10 o'clock in the forenoon.

The call for the meeting was read and ordered recorded with the minutes of the meeting.

The Assistant Secretary made return that a copy of this call was mailed on December 11, 1928, twenty days in advance of the meeting, to each preferred and common stockholder of record, addressed to him at his last known address registered on the books of the Company, and that a copy of such call was published once in each week for three
276 successive weeks preceding such meeting in the Hartford Daily Times, a newspaper of this city, having a circulation in the Town of Hartord, in which said corporation is located. He also produced a publisher's affidavit from the Hartford Times, showing the publication.

The Assistant Secretary also presented alphabetical lists of the stockholders of the corporation, both preferred and common as required by law.

Messrs. B. C. Perkins and H. C. Pond were then duly appointed a committee on proxies and

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tellers, and as such committee reported that 16,026 shares of the preferred stock of this company issued and outstanding were represented in person or by proxy at this meeting, and that 30,000 shares of the common stock of this company issued and outstanding were also represented at this meeting.

The minutes of a special meeting of the Directors of this company, duly held on December 11, 1928, were then read, showing the action of the Board of Directors in executing an agreement, entitled "Agreement of Consolidation or merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company", dated December 11, 1928. An original of this agreement signed by a majority of the directors of each of the four companies, parties to the agreement, was then presented to the meeting.

278

The President stated that this agreement for the consolidation or merger of the four corporations named was the final step in the consummation of a Plan of Reorganization which is set out at length in the minutes of a meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held November 30, 1928, and approved by that Board at that time, and a copy of which minutes is attached to the minutes of a meeting of the Board of Directors of this company held December 11, 1928. It was then further stated that, in pursuance of that plan and in accordance with the vote of the stockholders of Arrow-Hart & Hegeman, Incorporated, that company transferred to The Arrow Manufacturing Company all the common stock of The Arrow Electric Company in exchange for all the capital stock of The Arrow Manufacturing Company which was issued to the stockholders of

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280 *Exhibit E.*

Arrow-Hart & Hegeman, Incorporated, as outlined in that plan; and that likewise Arrow-Hart & Hegeman, Incorporated had transferred to the H. & H. Electric Company all the common stock of The Hart & Hegeman Manufacturing Company in exchange for all the capital stock of the H. & H. Electric Company which was issued to the stockholders of Arrow-Hart & Hegeman, Incorporated, thus carrying out paragraph (a) of that plan;

That after such exchange of shares, in conformity to such Plan of Reorganization, had been consummated the stockholders of Arrow-Hart & Hegeman,
281 Incorporated, at a meeting held December 10, 1928, voted to dissolve the corporate existence of that corporation, thus carrying out paragraph (b) of that plan;

And that now, in conformity to paragraph (c) of that Plan of Reorganization, the directors of the four companies named in the agreement had agreed upon the consolidation or merger of the four companies, under which one share of the preferred stock of the consolidated corporation will be issued in lieu of each one share of preferred stock of The Arrow Electric Company, and one share of the
282 preferred stock of the consolidated corporation will be issued in lieu of each one share of the preferred stock of The Hart & Hegeman Manufacturing Company, and the common stock of the consolidated or merged corporation consisting of 200,000 shares, of the par value of $10.00 each, will be issued in the following proportions:

One-half of one share, in lieu of one share of the common stock of The Arrow Manufacturing Company, of the par value of $5.00 each, and one-half of one share in lieu of one share of the common

stock of the H. & H. Electric Company, of the par value of $5.00 each.

The matter was then discussed and the following motion was then offered by Mr. Corson and seconded by Mr. Broadhurst:

VOTED: That the agreement entitled, "Agreement of Consolidation or Merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and the H. & H. Electric Company," dated December 11, 1928, and executed by a majority of the directors of each of such four corporations 284 under the corporate seals of the respective corporations, be and the same is hereby ratified and approved, and the officers of this company be and they are hereby authorized to take the necessary steps to have such agreement approved by the Secretary of State of Connecticut and to consummate such consolidation.

The President stated that under the provisions of Section 3522 of the General Statutes of Connecticut, such agreement to be effective must be approved by a stock vote of at least two-thirds of all the outstanding stock of each class of each of the four companies. Accordingly, a stock vote was 285 had and the tellers reported as follows:

PREFERRED STOCK.

Total number of shares outstanding	18,950
Number of shares necessary for passage of the vote	12,634
Number of shares voting to approve	16,026
Number of shares voting not to approve	0

286 *Exhibit E.*

COMMON STOCK.

Total number of shares outstanding	30,000
Number of shares necessary for passage	20,000
Number of shares voting to approve	30,000
Number of shares voting not to approve	0

The President then declared the resolution to approve the Agreement of Consolidation or Merger had been passed and the agreement approved by a vote of more than two-thirds of all the outstanding stock of each class of this corporation.

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It was then, on motion duly made by Mr. Ensign and seconded by Mr. Newell, unanimously

VOTED: That the Secretary, or Assistant Secretary, of this corporation be and he is hereby authorized to execute the certificate attached to the Agreement of Consolidation or Merger, showing the action taken this day by the stockholders and to affix the seal of this corporation thereto.

The meeting then adjourned.

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Attest:

E. BOSWORTH GRIER,
Assistant Secretary.

Exhibit E.

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THE ARROW ELECTRIC COMPANY.

A Special Meeting of the preferred and common Stockholders of the Arrow Electric Company will be held in the Directors' Room of the Phoenix State Bank and Trust Compar No. 803 Main Street, Hartford, Connecticut, on December 31, 1928, at 10 o'clock in the forenoon, to consider and act upon the question of approving an agreement for the consolidation and merger of this corporation with the Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and the H. & H. Electric Company, drawn pur- 290
suant to a Plan of Reorganization, which agreement has been approved by votes of the Board of Directors of each of the four Companies, and to transact any other business proper to come before such meeting.

Copies of the consolidation agreement are on file at the office of this company and at the Trust Department of the Phoenix State Bank and Trust Company for inspection by any stockholder prior to such meeting.

Dated at Hartford, this 11th day of December, 1928.

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By order of the Board of Directors,

E. BOSWORTH GRIER,
Assistant Secretary.

292 *Exhibit E.*

A copy of this Call was mailed on December 11, 1928, twenty days in advance of the meeting, to each preferred and common stockholder of record, addressed to him at his last known address registered on the books of the Company, and a copy was published once in each week for three successive weeks preceding this meeting in the Hartford Daily Times, a newspaper of this City, having a circulation in the Town of Hartford, in which this corporation is located.

E. BOSWORTH-GRIER,
293 Ass't. Secty.

Hartford, Conn., December 10, 1928.

This is to certify that at a meeting of the stockholders of Arrow-Hart & Hegeman, Incorporated, duly warned and held on the 10th day of December, 1928, the following vote was passed:

VOTED: That this company consent to the adoption of the name The Arrow-Hart & Hegeman Electric Company or some similar name
294 by the new corporation to come into existence from the merger and consolidation of The Arrow Manufacturing Company, The H. & H. Electric Company, the Arrow Electric Company and the Hart & Hegeman Manufacturing Company.

Attest:
BENJ. C. PERKINS (SEAL)
Secretary

Exhibit E. 295

BALLOT

Special Meeting of Stockholders of The Arrow Electric Company, December 31, 1928.

Ballott to approve the "Agreement for the Consolidation or Merger between the Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company".

Voted Yes

30,000 Shares COMMON STOCK 296

THE ARROW MANUFACTURING COMPANY
EDWARD R. GRIER
Prest. & Treas.
Authorized Agent.

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298 *Exhibit E.*

BALLOT

Special Meeting of Stockholders of the Arrow Electric Company, December 31, 1928.

Ballot to approve the "Agreement for the Consolidation or Merger between the Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and the H & H Electric Company".

Voted Yes

299 16026 shares represented by proxies for the PREFERRED STOCK.

L. P. BROADHURST.
WM. R. C. CORSON
JOSEPH R. ENSIGN
P. B. GALE
J. O. ENDERS
ROBERT B. NEWELL
Proxies for Holders of Shares of the above number.

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Exhibit F.

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December 8, 1928.

Mr. Samuel P. Williams,
Hartford, Conn.

Dear Sir:

A special meeting of the Board of Directors of The Hart & Hegeman Manufacturing Company will be held at the office of the Phoenix State Bank and Trust Company, #803 Main Street, on Tuesday, December 11, 1928, at 2 o'clock in the afternoon, to consider and approve the agreement for consolidation or merger of:

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The Arrow Electric Company
The Hart & Hegeman Manufacturing Company
The Arrow Manufacturing Company
The H & H Electric Company

pursuant to the plan of reorganization of which you have knowledge; and to transact any other business incidental to the same matter.

Your presence is earnestly desired as the agreement, if approved, must be signed by at least a majority of the Board.

303

S. P. WILLIAMS,
President.

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Exhibit F.

MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS

of

THE HART & HEGEMAN MANUFACTURING COMPANY

At a special meeting of the Board of Directors of The Hart & Hegeman Manufacturing Company held at the office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, on Tuesday, December 11, 1928, at 2:00 o'clock P. M., pursuant to the foregoing call, the following directors were present.: Messrs. Williams, Burt, Cook, Buell and Gross.

305

The President stated that the meeting was called to consider and act upon a proposed agreement for the consolidation or merger of this company, The Arrow Electric Company, The H & H Electric Company and The Arrow Manufacturing Company, pursuant to a plan of reorganization, an outline of which is set forth in the minutes of a meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held November 30, 1928, a copy of which minutes was presented to this meeting and which is annexed hereto for reference.

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He further presented written form of agreement of consolidation or merger of said companies, copy of which is annexed to these minutes. The same was fully considered and discussed. On motion duly seconded the form of said agreement was approved and signed by the individual directors of the company under its corporate seal.

Thereupon on motion duly seconded it was unanimously voted to submit said agreement to the stockholders of this company and that a meeting thereof

Exhibit F.

be called for the purpose of considering the same, to be held at the office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, on Monday, December 31, 1928, at 11:00 o'clock A. M., and that notice of the time, place and object of such meeting be mailed forthwith to the last known post office address of each of the stockholders of this corporation as on file with this company, and that such notice be published once in each week for three successive weeks in the Hartford Times.

Forms of call for said meeting, circular letter and proxy to be inclosed therewith were presented and the same were severally approved.

On motion duly made and seconded the following vote was passed:

VOTED: That Messrs. Williams, Burt and Buell be and they hereby are appointed an investment committee of this Board, who are hereby authorized until further order of this Board to purchase, sell and exchange property, securities and investments which they may deem for the advantage of the surplus funds of the company, and to invest and reinvest the proceeds of sales of the same at their discretion.

The President reported that a meeting of the stockholders of The Arrow Electric Company would be held on December 31, 1928 for the purpose of considering said agreement of consolidation and merger. It was thereupon unanimously voted that the executive officers of this company or any one of them be and they hereby are authorized to vote any and all stock of said The Arrow Elec-

310 *Exhibit F.*

tric Company that may be held in the treasury of this company in favor of resolution approving such merger and consolidation.

No further business appearing, the meeting thereupon adjourned.

ROBERT C. BUELL,
Secretary.

NOVEMBER 30TH, 1928

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MINUTES OF SPECIAL MEETING

of the

BOARD OF DIRECTORS

of

ARROW-HART & HEGEMAN, INCORPORATED

A special meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated was duly held, pursuant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company,
312 803 Main Street, Hartford, Connecticut, on Friday, November 30, 1928 at 4 o'clock in the afternoon.

The following directors were present, namely, Messrs. Grier, Burt, Chase, Day, Glazier, Guett, Perkins, Stevenson and Williams.

There were also present the Companies' Counsel, Messrs. Arthur L. Shipman and Charles Welles Gross.

The President reported that since the last meeting of this Board on November 10, 1928, the officers and counsel have been at work upon the for-

Exhibit F.

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mulation of the plan of reorganization and have considered the matter both from the viewpoint of satisfying the criticism of the Federal Trade Commission and of meeting the income tax situation. Mr. Arthur Randall, C. P. A. of this City has been of great assistance to your officers and counsel in suggesting and in working out the details of the plan hereinafter set forth. They have also conferred with Colonel Robert H. Montgomery of New York, the well known authority on Income Tax Law and Procedure, and have received from Colonel Montgomery an opinion, dated November 27, 1928, 314
that the plan outlined in that opinion will involve no taxable gain either to the corporation or its stockholders at this time.

The Outline of the plan is as follows:

(a) By vote of its stockholders Arrow-Hart & Hegeman, Incorporated will transfer to a new Arrow Company, to be known as The Arrow Manufacturing Company, all the shares of the common stock of the Arrow Electric Company in exchange for all the shares of the Arrow Manufacturing Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share, par value $5.00 for 315
every share of Arrow-Hart & Hegeman, Inc., now held by the stockholders. Likewise, Arrow-Hart & Hegeman, Incorporated, will transfer to a new Hart & Hegeman Company, to be known as The H & H Electric Company, all the shares of the common stock of the Hart & Hegeman Manufacturing Company in exchange for all the shares of the H & H Electric Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share of The

H & H Electric Company, par value $5.00 for each share of Arrow-Hart & Hegeman, Incorporated now held by the stockholders. This will be done without a surrender of the shares of Arrow-Hart & Hegeman, Incorporated.

To accomplish this first step a special stockholders' meeting of Arrow-Hart & Hegeman, Incorporated will be called and held on December 6, 1928.

(b) When such exchange of shares in conformity to this plan of reorganization has been consummated prior to December 10, 1928, there will be no further reason for the continued corporate existence of Arrow-Hart & Hegeman, Incorporated, and, therefore, at the meeting called for December 10, 1928, or at an adjournment thereof, that corporation may be dissolved. It will then have no assets and no liabilities, and its dissolution will be a purely formal matter.

(c) There will then be in existence four corporations—The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, the new Arrow Manufacturing Company and the new H & H Electric Company. The corporate stock of these four companies will then be as follows:

Name of Company	*Stock*				*Stockholders*
Arrow Electric Company	30,000	shares	common	par $25	Arrow Mfg. C
	18,950	"	pfd.	" 100	Public
Hart & Hegeman Mfg. Co.	20,000	"	common	" 25	H & H Elec. C
	13,333	"	pfd.	" 100	Public
Arrow Mfg. Company	200,000	"	common	" 5	Public
H & H Electric Company	200,000	"	common	" 5	Public

The plan provides that these four companies, all having manufacturing charters, will make an agreement for consolidation or merger by vote, in the

first instance, of the Board of Directors of each of the four companies, to be dated about December 10, 1928, and to be submitted to stockholders at a meeting to be called for each corporation on December 31, 1928, at which time the agreement, if approved by the stockholders, will be effective, a particularly advantageous time as the close of the tax year. By this agreement of merger or consolidation it will result that the merger or consolidated corporations will have outstanding one class of preferred stock equal in the aggregate to the number of shares of preferred stock of Arrow Electric Company and Hart & Hegeman Manufacturing Company now outstanding, so that the public owning the preferred stock will receive one share of preferred stock, of the par value of $100 for each share of preferred stock of The Arrow Electric Company now outstanding, and one share of preferred stock for each share of preferred stock of The Hart & Hegeman Manufacturing Company now outstanding; that the common stock of the merged or consolidated corporation will be 200,000 shares, of the par value of $10 so that one share of the common stock of the merged or consolidated corporation will be issued in exchange for a unit of one share of The Arrow Manufacturing Company common, of the par value of $5, and one share of The H & H Electric Company common, par value $5, the net result on common stock being that the stockholders of Arrow-Hart & Hegeman, Incorporated will ultimately hold one share of the merged or consolidated corporation, of the par value of $10 for every one share of Arrow-Hart & Hegeman, Incorporated now held by them.

The President further reported that, to accomplish this entire plan of reorganization before the

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close of the calendar year, it is necessary that notices for such meeting be issued forthwith, to be held December 6th, and in order that these notices may be printed and be issued tomorrow, December 1st, counsel have approved a form of letter to the stockholders of Arrow-Hart & Hegeman, Incorporated, a form of proxy running to the same six gentlemen who have been named in the proxy for the meeting of December 10th, and a form of call for the meeting, all of which he then submitted for consideration and approval of this meeting.

323 The matter was then discussed and it was then, on motion made by Mr. Burt and seconded by Mr. Chase,

VOTED: That the plan of reorganization as outlined by the President be approved by this Board and that a special meeting of stockholders be called for December 6, 1928, to consider and adopt such plan and to authorize the exchange of shares therein provided for.

On motion made by Mr. Chase and seconded by Mr. Stevenson it was further

324 VOTED: That the form of the call for such meeting, the form of Power of Attorney Consent and proxy submitted and the form of letter to be sent to stockholders, signed by Mr. Grier, as President and Mr. Williams, as Vice President, be and they are hereby approved.

In order to prepare papers for the carrying out of such plan, if adopted, and in order to expedite the voting at both meetings on December 6th and December 10th by proxy, it was on motion made by Mr. Day and seconded by Mr. Burt

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VOTED: That in accordance with the by-laws of this company the stock transfer books of this company be closed from this 30th day of November, 1928, until the final adjournment of the stockholders' meeting called for December 10, 1928.

The meeting adjourned at 5:30 o'clock P. M.

Attest:

Secretary.

326

A Special Meeting of the Stockholders of The Hart & Hegeman Manufacturing Company was duly held, pursuant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut, on Monday, December 31, 1928, at 11 o'clock in the forenoon.

The call for the meeting was read and ordered recorded with the minutes of the meeting.

The Secretary made return that a copy of this call was mailed on December 11, 1928, twenty days in advance of the meeting, to each preferred and 327
common stockholder of record, addressed to him at his last known address registered on the books of the company, and that a copy of such call was published once in each week for three successive weeks preceding such meeting in the Hartford Daily Times, a newspaper of this city, having a circulation in the Town of Hartford, in which said corporation is located. He also produced a publisher's affidavit from the Hartford Times, showing the publication.

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The Secretary also presented alphabetical lists of the stockholders of the corporation, both preferred and common, as required by law.

Messrs. Burt and Bunce were then duly appointed a committee on proxies and tellers, and as such committee reported that 11,522 shares of the preferred stock of this company issued and outstanding were represented in person or by proxy at this meeting, and that 20,000 shares of the common stock of this company issued and outstanding were also represented at this meeting.

329 The minutes of a special meeting of the Directors of this company, duly held on December 11, 1928, were then read, showing the action of the Board of Directors in executing an agreement, entitled "Agreement of Consolidation or Merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H. Electric Company", dated December 11, 1928. An original of this agreement signed by a majority of the directors of each of the four companies, parties to the agreement, with a certificate attached showing that such merger or consolidation had been duly approved at
330 a stockholders' meeting of The Arrow Electric Company, was then presented to the meeting.

The President stated that this agreement for the consolidation or merger of the four corporations named as the final step in the consummation of a Plan of Reorganization which is set out at length in the minutes of a meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held November 30, 1928, and approved by that Board at that time, and a copy of which minutes is attached to the minutes of a meeting of the Board of Directors of this company held December 11, 1928.

Exhibit F.

It was then further stated that, in pursuance of that plan and in accordance with the vote of the stockholders of Arrow-Hart & Hegeman, Incorporated, that company transferred to The Arrow Manufacturing Company all the common stock of The Arrow Electric Company in exchange for all the capital stock of the Arrow Manufacturing Company which was issued to the stockholders of Arrow-Hart & Hegeman, Incorporated, as outlined in that plan; and that likewise Arrow-Hart & Hegeman, Incorporated had transferred to The H. & H. Electric Company all the common stock of The Hart & Hegeman Manufacturing Company in exchange for all the capital stock of The H. & H. Electric Company which was issued to the stockholders of Arrow-Hart & Hegeman, Incorporated, thus carrying out paragraph (a) of that plan;

That after such exchange of shares, in conformity to such Plan of Reorganization, had been consummated the stockholders of Arrow-Hart & Hegeman, Incorporated, at a meeting held December 10, 1928, voted to dissolve the corporate existence of that corporation, thus carrying out paragraph (b) of that plan;

And that now, in conformity to paragraph (c) of that Plan of Reorganization, the directors of the four companies named in the agreement had agreed upon the consolidation or merger of the four companies, under which one share of the preferred stock of the consolidated corporation will be issued in lieu of each one share of preferred stock of The Arrow Electric Company, and one share of the preferred stock of the consolidated corporation will be issued in lieu of each one share of the preferred stock of The Hart & Hegeman Manufacturing Company, and the common stock of the consolidated or

334 *Exhibit F.*

merged corporation consisting of 200,000 shares, of the par value of $10.00 each, will be issued in the following proportions:

One-half of one share, in lieu of one share of the common stock of The Arrow Manufacturing Company, of the par value of $5.00 each, and one-half of one share in lieu of one share of the common stock of The H. & H. Electric Company, of the par value of $5.00 each.

The matter was then discussed and the following
335 motion was then offered by Mr. Wilcox and seconded by Mr. Burt.

VOTED: That the agreement entitled, "Agreement of Consolidation or Merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H. Electric Company", dated December 11, 1928, and executed by a majority of the directors of each of such four corporations under the corporate seals of the respective corporations, be and the same is hereby ratified and approved, and the officers of this company be and they are hereby authorized to take the necessary steps to
336 have such agreement approved by the Secretary of the State of Connecticut and to consummate such consolidation.

The President stated that under the provisions of Section 3522 of the General Statutes of Connecticut, such agreement to be effective must be approved by a stock vote of at least two-thirds of all the outstanding stock of each class of each of the four companies. Accordingly, a stock vote was had and the tellers reported as follows:

Exhibit F.

PREFERRED STOCK.

Total number of shares outstanding	13,333
Number of shares necessary for passage of the vote	8,889
Number of shares voting to approve	11,522
Number of shares voting not to approve	0

COMMON STOCK

Total number of shares outstanding	20,000
Number of shares necessary for passage	13,334
Number of shares voting to approve	20,000
Number of shares voting not to approve	0

The President then declared the resolution to approve the Agreement of Consolidation or Merger had been passed and the agreement approved by a vote of more than two-thirds of all the outstanding stock of each class of this corporation.

It was then, on motion duly made by Mr. Wilcox, and seconded by Mr. Burt, unanimously

VOTED: That the Secretary of this corporation be and he is hereby authorized to execute the certificate attached to the Agreement of Consolidation or Merger, showing the action taken this day by the stockholders and to affix the seal of this corporation thereto.

The meeting then adjourned.

Attest: ROBERT C. BUELL
Secretary

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Exhibit F.

Ballot

Special meeting of Stockholders of The Hart & Hegeman Manufacturing Company, December 31, 1928.

Ballot to approve the "Agreement for the Consolidation or Merger between the Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company".

341

Voted Yes

20,000 Shares COMMON STOCK

THE H & H ELECTRIC COMPANY

SAMUEL P. WILLIAMS
Prest. & Treas.
Authorized Agent

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Exhibit F. 343

Ballot

Special Meeting of Stockholders of The Hart & Hegeman Manufacturing Company, December 31, 1928.

Ballot to approve the "Agreement for the Consolidation or Merger between the Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric company".

Voted Yes 344

11522 shares represented by proxies for the PREFERRED STOCK.

L. P. BROADHURST
WM. R. C. CORSON
JOSEPH R. ENSIGN
P. B. GALE
J. O. ENDERS
ROBERT B. NEWELL
Proxies for Holders of Shares
of The above number.

345

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Exhibit G.

CERTIFICATE OF INCORPORATION

of

THE ARROW MANUFACTURING COMPANY

We, the subscribers, certify that we do hereby associate ourselves as a body politic and corporate under the statute laws of the State of Connecticut; and we further certify:

FIRST: That the name of the corporation is The Arrow Manufacturing Company.

347

SECOND: That said corporation is to be located in the town of Hartford in the State of Connecticut.

THIRD: That the nature of the business to be transacted, and the purposes to be promoted or carried out, by said corporation, are as follows:

(a) To manufacture, buy, sell and deal in goods, wares, merchandise, appliances, devices, tools and implements of every and any nature, kind or description whatever;

(b) To buy or otherwise acquire, use and deal
348 in letters patent and patent rights of the United States and foreign countries relating to such appliances, devices, tools or implements or processes for the manufacture thereof;

(c) To buy or otherwise acquire, use and deal in, so far as by law permitted, trade-marks and trade labels granted by the United States of America and by foreign countries, relating to the businesses conducted by the corporation;

(d) To subscribe for, purchase or otherwise acquire, hold, sell, exchange, assign, transfer, pledge

or otherwise dispose of shares of the capital stock, bonds, debentures, obligations or securities of any kind of any public or private corporation or of any state or territory or of the United States or of any foreign country, and while the owner thereof to exercise and enjoy all or any of the rights, privileges and benefits of ownership including the right to vote thereon and to receive and use for the purposes of this corporation and/or to distribute in dividends the income from such shares, bonds, debentures, obligations or securities of any kind and the income of and/or gains from sales of such property; provided, however, that nothing in these articles shall give this corporation the power to sell or negotiate its own choses in action or to sell, guarantee or negotiate the choses in action of other persons or corporations as investments or as a business, or to do the business of an investment company as the same is defined in Chapter 71 of the General Statutes of 1918, or in any acts amending said Chapter or any section thereof.

FOURTH: That the amount of capital stock of said corporation hereby authorized is One Million Dollars ($1,000,000) divided into two hundred thousand (200,000) shares of the par value of Five Dollars ($5) each, which stock shall be all one class.

FIFTH: That the amount of capital stock with which this corporation shall commence business is Two Thousand Dollars ($2,000).

SIXTH: That the duration of said corporation is unlimited

352 *Exhibit G.*

Signatures of Incorporators

NAME	RESIDENCE
Edward R. Grier	Hartford, Conn.
Benj. C. Perkins	Hartford, Conn.
Harvey C. Pond	West Hartford, Conn.

Dated at Hartford, this 30th day of November, 1928.

353 State of Connecticut }
County of Hartford } ss.:

Hartford, November 30, 1928.

Personally appeared Edward R. Grier, Benjamin C. Perkins and Harvey C. Pond, being all of the incorporators of The Arrow Manufacturing Company, and made solemn oath to the truth of the foregoing certificate by them respectively subscribed, before me

ALICE C. PETERSON
Notary Public (SEAL)

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Exhibit G. 355

By-Laws
of
The Arrow Manufacturing Company

Adopted at the first meeting of the incorporators and subscribers of said corporation held on the 1st day of December, 1928, at No. 15 Lewis Street, Hartford, Connecticut.

Seal

(1) The corporate seal shall have inscribed 356
thereon the name of this corporation, the year of its organization and the words "Corporate Seal, Connecticut."

Stockholders and Stockholders' Meetings

(2) All stockholders' meetings shall be held, unless otherwise appointed in the call, at the principal office of this corporation.

(3) The annual meetings of the stockholders after the year 1928 shall be held on a day in January to be fixed from time to time by the Board of Directors. 357

(4) At the annual meetings of the stockholders they shall elect from their own number by a plurality vote by ballot a board of not less than three nor more than eleven directors who shall hold office for one year and until others are chosen and qualified in their stead.

Directors

(5) The property and affairs of this corporation shall be managed by the Board of Directors

358 *Exhibit G.*

which may exercise all such powers and do all such things as may be exercised or done by this corporation, but subject, nevertheless, to the provisions of the law of the State of Connecticut, of the Certificate of Incorporation and of these By-Laws. The Board of Directors by affirmative vote of a majority thereof may appoint from their number an executive committee and delegate to the same any of the powers of the Board of Directors.

(6) A majority of the Board of Directors shall constitute a quorum for the transaction of any business except that a less number may adjourn from time to time or fill vacancies as hereinafter provided.

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(7) Whenever this corporation holds any stock of any other corporation, one or more directors and/or executive officers and/or agents of this corporation as designated by the Directors of this corporation may be chosen directors of such other corporation whether he be a stockholder or they be stockholders in such corporation or not.

(8) At the first meeting of the Board of Directors after their election, when there shall be a quorum, they shall elect by ballot from their own number a President. They may also at any time or times elect one or more Vice-Presidents and shall at said first meeting elect a Treasurer and a Secretary. They may also appoint at any time an Assistant Treasurer and an Assistant Secretary (who need not be members of the Board) and such other officers and/or agents as they may from time to time determine.

360

(9) A regular meeting of the Board of Directors shall be held without notice immediately after the

361

annual stockholders' meeting in each year at the principal office of the corporation or, by order of the Board, elsewhere, at an hour to be fixed by the Board.

(10) Special meetings of the Board of Directors may be called by the President or Secretary, the same to be held at the time and place specified in such notice.

PRESIDENT

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(11) The President shall be the chief executive officer and head of the corporation and in the recess of the Board of Directors shall have the general control and management of its business and affairs, *subject*, however, to the right of the Board of Directors to delegate any specific powers except such as may be by the laws of the State of Connecticut exclusively conferred on the President, to any other officer or officers of the corporation.

VICE PRESIDENT

363

(12) The Vice-Presidents in order of election in the absence of the President shall perform the duties of the President.

SECRETARY

(13) The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and act as clerk thereof and record all votes and the minutes of all proceedings in a book to be kept for that purpose. In the absence of the Secretary from any meeting, the presiding officer of such meeting may appoint any person to

364 *Exhibit G.*

act as secretary thereof. The Secretary shall also perform such other duties as may be prescribed by the Board of Directors or the President.

TREASURER

(14) The Treasurer shall keep, or cause to be kept, full and accurate account of receipts and disbursements in books belonging to the corporation and shall deposit, or cause to be deposited, all moneys and other valuable effects in the name and to the credit of the corporation.

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RESIGNATION

(15) Any director or officer may resign his office at any time, such resignation to be made in writing.

CORPORATE BOOKS

(16) The transfer books of the corporation may be closed by order of the Board of Directors for a period not exceeding fifteen days preceding any meeting, annual or special, of the stockholders, or

366 the day appointed for the payment of a dividend.

Exhibit G. 367

WAIVER OF NOTICE OF FIRST MEETING
OF INCORPORATORS AND SUBSCRIBERS

of

THE ARROW MANUFACTURING COMPANY

We, the undersigned, being all the subscribers to the capital stock and all of the incorporators of the above named corporation, incorporated under the laws of the State of Connecticut, do hereby waive all notice, whether statutory or otherwise, of the time, place and purpose of the first meeting of said corporation and do specify the 1st day of December, A. D. 1928, at 9:15 o'clock A. M. as the time and No. 15 Lewis Street, Hartford, Connecticut, as the place for said meeting and do consent to the transaction of such business as may come before the meeting, or any adjournment thereof, including the election of directors and the adoption of by-laws, the authorization of the Board of Directors to issue the shares of the unissued authorized capital stock of said corporation and to accept in full or part payment of the subscriptions therefor either cash or such property as said Board may, in its discretion, deem to be necessary to or proper for the business of this corporation, and the authorization of the Board of Directors to call in the subscriptions to the capital stock heretofore or hereafter made to the full amount of such subscriptions, the same to be paid as and when called for by said Board either in cash or by the transfer of such property as may be deemed by said Board, in its discretion, to be necessary to or proper for the business of this corporation. 368 369

EDWARD R. GRIER
BENJ. C. PERKINS
HARVEY C. POND

370 *Exhibit G.*

SUBSCRIPTIONS TO THE CAPITAL STOCK

of

THE ARROW MANUFACTURING COMPANY

WHEREAS: THE ARROW MANUFACTURING COMPANY has been incorporated under the laws of the State of Connecticut;

NOW THEREFORE, We, the undersigned do hereby severally and respectively subscribe to the number of shares of the capital stock of said corporation set
371 opposite our respective signatures.

Name	*Residence*	*No. of Shares*
Edward R. Grier	Hartford, Conn.	398
Benj. C. Perkins	Hartford, Conn.	1
Harvey C. Pond	Hartford, Conn.	1

MINUTES OF FIRST MEETING

of

372 INCORPORATORS AND SUBSCRIBERS

of

THE ARROW MANUFACTURING COMPANY

The first meeting of the corporation was held on the 1st day of December, 1928 at 9:15 o'clock A. M, at No. 15 Lewis Street, Hartford, Connecticut, pursuant to a written waiver of notice signed by all the subscribers to the capital stock and all the incorporators specifying said time and place.

Exhibit G.

The following incorporators and subscribers were present in person:

Name	*No. of Shares*
Edward R. Grier	398
Benjamin C. Perkins	1
Harvey C. Pond	1

being all the incorporators and subscribers of the corporation.

Mr. Edward R. Grier called the meeting to order, and on motion was elected Chairman, and Mr. Benjamin C. Perkins was chosen Temporary Clerk.

The Chairman reported that the Certificate of Incorporation of this corporation was filed in the office of the Secretary of the state of Connecticut on the 30th day of November, 1928, and that said Secretary of State had examined the same and endorsed thereon the word "Approved" with his name and official title, and that prior to such filing the franchise tax required by law had been paid, and that a certified copy of such Certificate of Incorporation had been filed in the office of the Town Clerk in the Town of Hartford, the said Hartford being the town in which this corporation is located.

The Temporary Clerk presented a written waiver of notice of this meeting signed by all the subscribers to the capital stock and all the incorporators of this corporation and the same was ordered to be recorded at length upon the records of this corporation.

The Chairman presented a form of by-laws for the regulation of the affairs of this corporation which were read and unanimously adopted.

376 *Exhibit G.*

The Chairman presented the original subscriptions to the stock of this corporation showing that Messrs. Edward R. Grier, Benjamin C. Perkins and Harvey C. Pond had subscribed for Four Hundred (400) shares of the capital stock of this corporation, the same being the full amount of capital stock with which this corporation is authorized to do business.

Messrs. Edward R. Grier, Benjamin C. Perkins and Harvey C. Pond were nominated for directors of the corporation to hold office until the annual
377 meeting and until others are chosen and qualified in their stead. No other nominations having been made, the meeting thereupon proceeded to vote upon the said nominations and a ballot having been had the Chairman announced that the above named persons had been unanimously elected Directors of this corporation for the term aforesaid.

The Board of Directors were authorized to call in the subscriptions to the capital stock to the full amount of such subscriptions, the same to be paid as and when called for by said Board, either in cash or by the transfer of such property as may be deemed by said Board, in its discretion, to be neces-
378 sary to or proper for the business of this corporation.

Upon motion duly made and seconded, it was resolved that the seal, an impression of which is hereto affixed, be adopted as the (Seal) corporate seal of this corporation.

Upon motion duly made and seconded, it was ordered that copies of each of the following papers, or the originals thereof, be inserted in the minute book for the purpose of reference:

Exhibit G. 379

(1) Certificate of Incorporation.
(2) By-Laws
(3) Waiver of Notice of this Meeting
(4) Subscriptions to Stock

No further business being presented, the meeting thereupon adjourned.

Attest:

BENJ. C. PERKINS
Temporary Clerk

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WAIVER OF NOTICE OF FIRST MEETING
OF THE BOARD OF DIRECTORS OF
THE ARROW MANUFACTURING COMPANY

We, the undersigned, being all the directors of The Arrow Manufacturing Company, hereby waive notice of the time, place and purpose of a meeting of the Board of Directors of said corporation and designate the 1st day of December 1928 at 10:00 o'clock A. M. as the time and No. 15 Lewis Street, Hartford, Connecticut as the place of said meeting.

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Dated this 1st day of December, 1928.

EDWARD R. GRIER
BENJ. C. PERKINS
HARVEY C. POND

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Exhibit G.

MINUTES OF FIRST MEETING

of

BOARD OF DIRECTORS

of

THE ARROW MANUFACTURING COMPANY

The first meeting of the Board of Directors of THE ARROW MANUFACTURING COMPANY was held at No. 15 Lewis Street, Hartford, Connecticut, on the
383 1st day of December, 1928, at ten o'clock A. M., pursuant to a written waiver of notice, signed by all the directors, fixing said time and place.

All members of the Board were present.

The following were unanimously elected to the offices set before their respective names, to hold office until the next annual meeting of the corporation and until their successors are respectively elected and qualified:

President and Treasurer	Edward R. Grier
Secretary	Harvey C. Pond

The President thereupon took the chair and the
384 Secretary acted as secretary of this meeting.

The minutes of the first meeting of the incorporators and subscribers to the capital stock of the corporation were thereupon read.

On motion made and duly seconded it was unanimously

VOTED: That an office of this corporation be established and maintained at the banking office of Phoenix State Bank & Trust Company, No. 803 Main Street, Hartford, and that Arthur C. Mason be and he hereby is designated

as the agent of this corporation in charge of said office upon whom process against it may be served; that meetings of the Board of Directors be held either at said banking office or elsewhere in Connecticut as the Board shall from time to time order, and that said trust company be and it hereby is appointed transfer agent of the stock of this company.

It was thereupon unanimously:

VOTED: Full payment of all subscriptions to the capital stock of this company is hereby 386
called, payable in cash.

There was thereupon paid into the treasury of the company Two Thousand Dollars ($2,000) in cash, being the full amount of capital with which this company has stated in its Certificate of Incorporation as being the amount with which it would begin business, and being in full of all subscriptions to its stock, viz:

Mr. Grier's subscription for	398	shares
Mr. Perkins' & Mr. Pond's subscriptions for	1	share each
Total	400	shares

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It was thereupon:

VOTED: To issue to the respective subscribers certificates of shares or receipts pending preparation of permanent certificates.

The form of stock certificate of this corporation was presented and the same approved.

388 *Exhibit G.*

The Certificate of Organization of this corporation was thereupon prepared and filed as required by law.

It was ordered that copies of the following papers, or originals thereof, be inserted in the minute book for reference:

1. Waiver of Notice.
2. Certificate of Organization.

On motion duly made and seconded the meeting
389 recessed to reconvene on adjournment of meeting of stockholders of the corporation to be held forthwith.

Attest:

HARVEY C. POND
Secretary

CERTIFICATE OF ORGANIZATION

of

THE ARROW MANUFACTURING COMPANY

390

The undersigned, a majority of the directors of The Arrow Manufacturing Company, located in the Town of Hartford, hereby certify as follows:

First: That the amount of the authorized capital stock subscribed for is four hundred (400) shares, the same being all common stock of Five (5) Dollars each, and upon all of which there has been paid not less than the full amount of Two Thou-

Exhibit G.

391

sand (2,000) Dollars, with which the incorporators in the Certificate of Incorporation stated the company would begin business.

Second: That the amount paid thereon in cash is Two Thousand Dollars ($2,000).

Third: That the amount paid thereon in property other than cash is nothing.

Fourth: That Five Dollars ($5) has been paid upon each share subscribed for.

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Fifth: That the name, residence and post-office address of each of the original subscribers to said stock, with the number and class of shares subscribed for by each are as follows:

Name	*Residence*	*P. O. Address*	*No. of Shares*
Edward R. Grier	Hartford, Conn.	Hartford, Conn.	398
Benjamin C. Perkins	" "	" "	1
Harvey C. Pond	West Hartford, Conn.	W. Hartford, Conn.	1

Sixth: That the directors and officers of said corporation have been duly elected and that its by-laws have been adopted.

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Sevelith: That the name, residence and post-office address of each of the officers and directors of said corporation are as follows:

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Exhibit G.

Name	*Residence*	*P. O. Address*
President:		
Edward R. Grier	Hartford, Conn.	Hartford, Conn.
Treasurer:		
Edward R. Grier	Hartford, Conn.	Hartford, Conn.
Secretary:		
Harvey C. Pond	W. Hartford, Conn.	W. Hartford, Conn.
Directors:		
Edward R. Grier	Hartford, Conn.	Hartford, Conn.
Benjamin C. Perkins	" "	" "
Harvey C. Pond	W. Hartford, Conn.	W. Hartford, Conn.

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Eighth: That the location of its principal office in this state is the banking office of Phoenix State Bank & Trust Company, No. 803 Main Street, Hartford, Connecticut, and the name of the agent or person in charge thereof upon whom process against it may be served is Arthur C. Mason.

Dated at Hartford, this 1st day of December, 1928.

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EDWARD R. GRIER
HARVEY C. POND
A Majority of the Directors

Exhibit G. 397

STATE OF CONNECTICUT }
COUNTY OF HARTFORD } ss.:

Hartford, December 1, 1928.

Personally appeared Edward R. Grier, and Harvey C. Pond, signers of the foregoing Certificate of Organization, a majority of the directors of The Arrow Manufacturing Company, and made oath to the truth of the same, before me

ALICE C. PETERSON
Notary Public
(Seal) 398

MINUTES OF MEETING OF STOCKHOLDERS

of

THE ARROW MANUFACTURING COMPANY

A meeting of the stockholders of THE ARROW MANUFACTURING COMPANY was held on the 1st day of December, 1928, at 10:15 A. M. at No. 15 Lewis Street, Hartford, Connecticut.

All stockholders were present, viz.: Messrs. Grier, Perkins and Pond. 399

The following vote was unanimously passed:

> VOTED: That the Board of Directors of this corporation is hereby authorized to issue all or any part of its unissued authorized capital stock; to receive and approve all additional subscriptions for the same and to accept in full or part payment of such subscriptions either cash or such property as the Board in its discretion may deem necessary or proper for the business of the corporation.

400 *Exhibit G.*

All stockholders waived their several and respective rights as stockholders to subscribe to such additional stock as the Board of Directors may decide to issue under the authority of the foregoing vote.

The President presented to the meeting the plan of reorganization as set forth in the minutes of the Board of Directors of Arrow-Hart & Hegeman, Inc., a copy of which is annexed to these minutes. The plan as therein outlined was, on motion duly made and seconded, unanimously approved and the Directors were authorized to issue any or all of the unis-
401 sued authorized capital stock of this corporation, viz., 199,600 shares to Arrow-Hart & Hegeman, Inc. or to the stockholders thereof pro rata in exchange for the property of said Arrow-Hart & Hegeman, Inc. to be transferred to this corporation under such plan of reorganization.

The President suggested that in order to fully carry out such plan of reorganization it was advisable that the stockholders of this company turn in the stock owned by them, viz., 400 shares, to this corporation in order to enable it to make the exchange as outlined in such plan of reorganization for the property of Arrow-Hart & Hegeman, Inc.,
402 to be transferred to this company under such plan of reorganization, viz., 30,000 of the common shares of The Arrow Electric Company, par $25 each.

The suggestion of the President was unanimously approved and each stockholder for himself agreed to transfer to this corporation on demand shares issued to him or to which he was entitled by reason of the payment of his subscription.

No further business appearing the meeting thereupon adjourned.

ATTEST:

HARVEY C. POND
Secretary

Exhibit G.

403

11/30/28

A special meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated was duly held, pursuant to notice in the Directors' Room of the Phoenix State Bank and Trust Company, 803 Main Street, Hartford, Connecticut, on Friday, November 30, 1928, at 4 o'clock in the afternoon.

The following directors were present, namely Messrs. Grier, Burt, Chase, Day, Glazier, Guett, Perkins, Stevens and Williams.

There were also present the Companies' Counsel, 404
Messrs. Arthur L. Shipman and Charles Welles Gross.

The President reported that since the last meeting of this Board on November 10, 1928, the officers and counsel have been at work upon the formulation of the plan of reorganization and have considered the matter both from the viewpoint of satisfying the criticism of the Federal Trade Commission and of meeting the income tax situation. Mr. Arthur Randall, C. P. A., of this City has been of great assistance to your officers and counsel in suggesting and in working out the details of the plan hereinafter set forth. They have also conferred with Colonel Robert H. Montgomery of New 405
York, the well known authority on Income Tax Law and Procedure, and have received from Colonel Montgomery an opinion, dated November 27, 1928, that the plan outlined in that opinion will involve no taxable gain either to the corporation or its stockholders at this time.

The outline of the plan is as follows:

(a) By vote of its stockholders Arrow-Hart & Hegeman, Incorporated will transfer to a new

406 *Exhibit G.*

Arrow Company, to be known as The Arrow Manufacturing Company, all the shares of the common stock of the Arrow Electric Company in exchange for all the shares of The Arrow Manufacturing Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share, par value $5.00, for every share of Arrow-Hart & Hegeman, Inc. now held by the stockholders. Likewise Arrow-Hart & Hegeman, Incorporated will transfer to a new Hart & Hegeman Company, to be known as
407 The H. & H. Electric Company, all the shares of the common stock of The Hart & Hegeman Manufacturing Company in exchange for all the shares of The H. & H. Electric Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share of The H. & H. Electric Company, par value $5.00, for each share of Arrow-Hart & Hegeman, Incorporated now held by the stockholders. This will be done without a surrender of the shares of Arrow-Hart & Hegeman, Incorporated.

To accomplish this first step a special stockholders' meeting of Arrow-Hart & Hegeman, Incor-
408 porated will be called and held on December 6, 1928.

(b) When such exchange of shares in conformity to this plan of reorganization has been consummated prior to December 10, 1928, there will be no further reason for the continued corporate existence of Arrow-Hart & Hegeman, Incorporated, and therefore, at the meeting called for December 10, 1928, or at an adjournment thereof, that corporation may be dissolved. It will then have no assets and no liabilities, and its dissolution will be a purely formal matter.

Exhibit G.

(c) There will then be in existence four corporations,—The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, the new Arrow Manufacturing Company and the new H. & H. Electric Company. The corporate stock of these four companies will then be held as follows:

Name of Company	*Stock*				*Stockholders*
Arrow Electric Company	30,000	shs.	Com.	par $25	Arrow Mfg. Co.
	18,950	"	Pfd.	" 100	Public
Hart & Hegeman Mfg. Co.	20,000	"	Com.	" 25	H.&H. Elec. Co.
	13,333	"	Pfd.	" 100	Public
Arrow Mfg. Co.	200,000	"	Com.	" 5	Public
H. & H. Electric Co.	200,000	"	Com.	" 5	Public

The plan provides that these four companies, all having manufacturing charters, will make an agreement for consolidation or merger by vote, in the first instance, of the Board of Directors of each of the four companies, to be dated about December 10, 1928 and to be submitted to stockholders at a meeting to be called for each corporation on December 31, 1928, at which time the agreement, if approved by the stockholders, will be effective, a particularly advantageous time as the close of the tax year. By this agreement of merger or consolidation it will result that the merged or consolidated corporation will have outstanding one class of preferred stock equal in the aggregate to the number of shares of preferred stock of Arrow Electric Company and Hart & Hegeman Manufacturing Company now outstanding, so that the public owning the preferred stock will receive one share of preferred stock, of the par value of $100., for each share of preferred stock of The Arrow Electric Company now outstanding, and one share of preferred stock for each share of preferred stock of

412 *Exhibit G.*

The Hart & Hegeman Manufacturing Company now outstanding; that the common stock of the merged or consolidated corporation will be 200,000 shares, of the par value of $10., so that one share of the common stock of the merged or consolidated corporation will be issued in exchange for a unit of one share of The Arrow Manufacturing Company common, of the par value of $5, and one share of the H. & H. Electric Company common, par value $5, the net result on common stock being that the stockholders of Arrow-Hart & Hegeman, Incorporated
413 will ultimately hold one share of the merged or consolidated corporation, of the par value of $10., for every one share of Arrow-Hart & Hegeman, Incorporated, now held by them.

The President further reported that, to accomplish this entire plan of reorganization before the close of the calendar year, it is necessary that notices for such a meeting be issued forthwith, to be held December 6th, and in order that these notices may be printed and be issued tomorrow, December 1st, counsel have approved a form of letter to the stockholders of Arrow-Hart & Hegeman, Incorporated, a form of proxy running to the same six
414 gentlemen who have been named in the proxy for the meeting of December 10th, and a form of call for the meeting, all of which he then submitted for consideration and approval by this meeting.

The matter was then discussed and it was then, on motion made by Mr. Burt and seconded by Mr. Chase,

VOTED: That the plan of reorganization as outlined by the President be approved by this Board and that a special meeting of stockhold-

Exhibit G.

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ers be called for December 6, 1928, to consider and adopt such plan and to authorize the exchange of shares therein provided for.

On motion made by Mr. Chase and seconded by Mr. Stevenson, it was further

VOTED: That the form of the call for such meeting, the form of Power of Attorney Consent and proxy submitted and the form of letter to be sent to stockholders, signed by Mr. Grier, as President and Mr. Williams, as Vice President, be and they are hereby approved.

416

In order to prepare papers for the carrying out of such plan, if adopted, and in order to expedite the voting at both meetings on December 6th and December 10th by proxy, it was on motion made by Mr. Day and seconded by Mr. Burt:

VOTED: That in accordance with the by-laws of this company, the stock transfer books of this company be closed from this 30th day of November, 1928, until the final adjournment of the stockholders meeting called for December 10, 1928.

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The meeting adjourned at 5:30 o'clock P. M.

Attest:

BENJAMIN C. PERKINS
Secretary

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Exhibit G.

MINUTES OF MEETING

of

BOARD OF DIRECTORS

of

THE ARROW MANUFACTURING COMPANY

The Board of Directors of THE ARROW MANUFACTURING COMPANY reconvened their meeting at No. 15 Lewis Street on December 1, 1928 at 10:30
419 A. M., all of the Directors being present, viz.: Messrs. Grier, Perkins and Pond.

The minutes of the meeting of the stockholders of the company held this day immediately preceding the reconvention of this meeting were read.

In accordance with and for the purpose of carrying out the plan of reorganization outlined in the minutes of said stockholders' meeting, on motion duly made and seconded the following vote was unanimously passed:

VOTED: The officers of this company are hereby authorized to issue to Arrow-Hart & Hegeman, Inc. or to its several and respective
420 stockholders in proportion to their holdings of stock thereof, share for share, certificates of stock of this corporation to the full amount of its unissued and authorized capital stock, viz., 199,600 shares, and to deliver the same together with the 400 shares of this corporation now issued, to such corporation or to the stockholders thereof, in exchange for and on transfer to this corporation by Arrow-Hart & Hegeman, Inc. of all common shares of capital stock of

Exhibit G.

421

The Arrow Electric Company, viz., 30,000 shares, par $25, now held by said Arrow-Hart & Hegeman, Inc.

And we, a majority of the Directors of The Arrow Manufacturing Company, hereby state over our hands that in our opinion said 30,000 shares of authorized Common capital stock of The Arrow Electric Company has a value in excess of $1,000,000, being the par value of the capital stock of this company to be issued and delivered in exchange therefor.

422

BENJ. C. PERKINS
EDWARD R. GRIER
HARVEY C. POND

No further business appearing, the meeting thereupon adjourned.

Attest:

HARVEY C. POND
Secretary

423

424 *Exhibit G.*

WAIVER OF NOTICE OF SPECIAL MEETING
OF STOCKHOLDERS OF
THE ARROW MANUFACTURING COMPANY

The undersigned, being all the stockholders of The Arrow Manufacturing Company, do hereby waive all notice of a special meeting of the stockholders of that company to be held on the 6th day of December, 1928 at 11:15 o'clock in the forenoon, at the office of the corporation, No. 803 Main Street, Hartford, Connecticut, and do consent to the transaction of any business which may come before such meeting, including a proposal to amend the sixteenth paragraph of the by-laws of this company.

425

Dated at Hartford, this 6th day of December, 1928.

EDWARD R. GRIER
BENJAMIN C. PERKINS
HARVEY C. POND

MINUTES OF SPECIAL MEETING OF STOCKHOLDERS

426 OF

THE ARROW MANUFACTURING COMPANY

A special meeting of the stockholders of The Arrow Manufacturing Company was duly held, pursuant to waiver signed by each and every stockholder, at the office of the company, No. 803 Main Street, Hartford, Connecticut, on December 6, 1928, at 11:15 o'clock in the forenoon.

All the stockholders were present, viz: Messrs. Grier, Perkins and Pond.

Exhibit G.

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The President reported that pursuant to the plan of reorganization involving the merger of four companies it was deemed essential that the stock books of this company should be closed from this date until the adjournment of a meeting of its stockholders which it is expected will be called to be held on December 31, 1928, and that to close such books for such period it would be necessary to amend the by-laws as now existing.

On motion duly made and seconded, it was then unanimously voted that paragraph No. 16 of the by-laws of this company as now existing be and the same is hereby amended to read as follows: The transfer books of this corporation may be closed by order of the board of directors for such period preceding any stockholders' meeting or preceding the day appointed for the payment of a dividend as said board of directors may deem necessary or proper in any case.

428

No further business appearing, the meeting thereupon adjourned.

Attest:

HARVEY C. POND,
Secretary

429

430 *Exhibit G.*

WAIVER OF NOTICE OF SPECIAL MEETING
OF DIRECTORS OF
THE ARROW MANUFACTURING COMPANY

The undersigned, constituting all the directors of The Arrow Manufacturing Company, hereby waive notice of a special meeting of its board of directors to be held at the office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, being the corporate office of this company, on Thursday, December 6, 1928, at 11:45 o'clock in the fore-
431 noon.

Dated at Hartford this 6th day of December, 1928.

EDWARD R. GRIER
BENJ. C. PERKINS
HARVEY C. POND

MINUTES OF SPECIAL MEETING OF BOARD
OF DIRECTORS OF
THE ARROW MANUFACTURING COMPANY

432 A special meeting of the board of directors of The Arrow Manufacturing Company was duly held, pursuant to waiver signed by all the directors, at the corporate office of the company in the office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut, on Thursday, December 6, 1928, at 11:45 o'clock in the forenoon.

All the directors were present, viz, Messrs. Grier, Perkins and Pond.

Mr. Edward R. Grier, the President, presided.

Exhibit G.

433

The President then stated that, in accordance with the plan of reorganization previously adopted by this company and in accordance with the offer made by this corporation to exchange its shares, the stockholders of Arrow-Hart & Hegeman, Incorporated have this day at a special meeting passed a vote approving and adopting the plan of reorganization above referred to and have transferred to this company Thirty Thousand (30,000) shares, par Twenty-five (25) Dollars each, of the common stock of The Arrow Electric Company, being all the common stock of that company outstanding, in exchange for all the capital stock of this company, 434
consisting of Two Hundred Thousand (200,000) shares, of the par value of Five (5) Dollars each.

By said vote this company was directed to issue and deliver said Two Hundred Thousand (200,000) shares to and in the names of the several and respective stockholders of Arrow-Hart & Hegeman, Incorporated pro rata and in the proportion of one (1) share of the stock of this company for each one (1) share of stock of Arrow-Hart & Hegeman, Incorporated now held by its stockholders, as shown by the stock books of that company, of which an attested list has been furnished to this company by 435
the secretary of Arrow-Hart & Hegeman, Incorporated.

The President then presented to the meeting an attested copy of the vote of the stockholders of Arrow-Hart & Hegeman, Incorporated and the attested list of its stockholders above referred to.

The following vote was then unanimously passed:

VOTED: That whereas Arrow-Hart & Hegeman, Incorporated has transferred to this company all the shares of the common stock of The

436 *Exhibit G.*

Arrow Electric Company, consisting of Thirty Thousand (30,000) shares, of the par value of Twenty-five (25) Dollars each, in exchange for all the shares of this company, pursuant to the plan of reorganization heretofore adopted; and whereas said Arrow-Hart & Hegeman, Incorporated has directed this company to issue said Two Hundred Thousand (200,000) shares of the capital stock of this company to and in the names of the several and respective stockholders of Arrow-Hart & Hegeman, Incorporated
437 pro rata and in the proportion of one (1) share of the stock of this company for each one (1) share of Arrow-Hart & Hegeman, Incorporated now held by such stockholders, as shown by an attested list of its stockholders taken from the stock books of Arrow-Hart & Hegeman, Incorporated; now therefore the vote passed by this board at its meeting held on December 1, 1928 be and the same is hereby amended to read that the officers of this company are hereby authorized and directed to issue to the stockholders of Arrow-Hart & Hegeman, Incorporated, as shown on an attested list of its stockholders,
438 which has been furnished to this company, all the stock of this company now unissued, viz: One Hundred Ninety-nine Thousand Six Hundred (199,600) shares and to deliver the same together with the Four Hundred (400) shares heretofore issued to such stockholders named on such list, the same being so issued by direction of Arrow-Hart & Hegeman, Incorporated in exchange for all the common stock of The Arrow Electric Company which has been transferred to this corporation pursuant to such plan of reorganization.

Exhibit G.

439

In order to expedite the consummation of the plan of reorganization and the merger of the companies as contemplated therein, it was unanimously voted that in accordance with the by-laws of this company as amended this day at a special meeting of its stockholders stock transfer books of this company be and they are hereby closed until the close of business on December 31, 1928 and thereafter until the final adjournment of a special meeting of stockholders to be called to adopt an agreement of consolidation and merger of this company with other companies, this board being of the opinion that the closing of such books is necessary to expedite the consummation of such plan.

440

The President then called attention to the fact that as this company owned all the common stock of The Arrow Electric Company, it would be necessary, in accordance with Article 7 of the by-laws of this company, to designate agents for this company to act as directors of The Arrow Electric Company. It was then unanimously voted that the following be and they hereby are designated agents of this company, eligible to be chosen as directors of The Arrow Electric Company, viz: Edward R. Grier, Benjamin C. Perkins, Charles A. Ten Eyck, Harvey C. Pond, Arthur L. Shipman, Daniel J. Glazier and Charles G. Perkins.

441

Mr. Arthur C. Mason, Vice-President of Phoenix State Bank and Trust Company, Transfer Agent, then appeared before the meeting of this board and reported that in accordance with the vote this day passed the Two Hundred Thousand (200,000) shares of the capital stock of this company had been issued pro rata and in the proportion of one (1) share of this company for each one (1) share of Arrow-Hart & Hegeman, Incorporated), to the

442 *Exhibit G.*

stockholders appearing upon the attested list of stockholders of Arrow-Hart & Hegeman, Incorporated.

No further business appearing, the meeting thereupon adjourned.

Attest:

HARVEY C. POND
Secretary

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443 At a special meeting of the stockholders of Arrow-Hart & Hegeman, Incorporated duly held December 6, 1928 the following vote was passed by a vote of more than two-thirds of all the outstanding stock:

VOTED: That the Plan of Reorganization submitted to and approved by the Board of Directors of this Company at their meeting on November 30, 1928, as set forth in the minutes of that meeting, be and hereby is approved and adopted;

That pursuant thereto this corporation transfer and convey to The Arrow Manufacturing Company all the holdings of this corporation in the common
444 stock of The Arrow Electric Company, consisting of 30,000 shares (par $25 each) in exchange for all the capital stock of The Arrow Manufacturing Company, consisting of 200,000 shares (par $5 each), and that said The Arrow Manufacturing Company be and it is hereby directed to issue and deliver said 200,000 shares to and in the names of the several and respective stockholders of this corporation pro rata and in the proportion of one share of the Arrow Manufacturing Company for each one share of Arrow-Hart & Hegeman, Incorporated now held by them as shown by the stock

Exhibit G.

445

books of this company, of which an attested list shall be furnished to The Arrow Manufacturing Company by the Secretary of this company;

That pursuant thereto this corporation transfer and convey to The H. & H. Electric Company, all the holdings of this corporation in the common stock of The Hart & Hegeman Manufacturing Company, consisting of 20,000 shares (par $25 each) in exchange for all the capital stock of The H. & H. Electric Company, consisting of 200,000 shares (par $5 each), and that said The H. & H. Electric Company be and it is hereby directed to issue and deliver said 200,000 shares to and in the names of 446
the several and respective stockholders of this corporation pro rata and in the proportion of one share of The H. & H. Electric Company for each one share of Arrow-Hart & Hegeman, Incorporated now held by them as shown by the stock books of this company, of which an attested list shall be furnished to The H. & H. Electric Company by the Secretary of this company, and

That the President of this company, or the Treasurer, be and he is hereby authorized and directed to execute and deliver all instruments necessary or convenient to carry out such exchange of shares

Attest: 447

(Seal)

BENJ. C. PERKINS
Secretary

448 *Exhibit G.*

December 8, 1928

A special meeting of the Board of Directors of The Arrow Manufacturing Company will be held at the office of the Pheonix State Bank and Trust Company, #803 Main Street, on Tuesday, December 11, 1928, at 2 o'clock in the afternoon, to consider and approve the agreement for consolidation or merger of:

The Arrow Electric Company
The Hart & Hegeman Manufacturing Company
449 The Arrow Manufacturing Company
The H & H Electric Company

pursuant to the plan of reorganization of which you have knowledge, and to transact any other business incidental to the same matter.

Your presence is earnestly desired as the agreement, if approved, must be signed by at least a majority of the Board.

EDWARD R. GRIER
President

450

Exhibit G.

451

MINUTES OF SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
THE ARROW MANUFACTURING COMPANY

At a special meeting of the Board of Directors of The Arrow Manufacturing Company held at the office of Phoenix State Bank & Trust Company, No. 803 Main Street, Hartford, on Tuesday, December 11, 1928 at 2:00 o'clock P. M., pursuant to the foregoing call, the following directors were present: Messrs. Grier, Perkins and Pond.

The President stated that the meeting was called to consider and act upon a proposed agreement for 452
the consolidation and merger of this company, The H & H Electric Company, The Hart & Hegeman Manufacturing Company and The Arrow Electric Company, pursuant to a plan or reorganization, an outline of which was approved at a stockholders' meeting of this company, held December 1, 1928, and which appears in the minutes of said meeting.

The President presented written form of agreement of consolidation or merger of said companies, copy of which is annexed to these minutes. The same was fully considered and discussed. On motion duly seconded the form of said agreement was approved and signed by the individual directors of 453
the company under its corporate seal.

Thereupon on motion duly seconded it was unanimously voted to submit said agreement to the stockholders of this company and that a meeting thereof be called for the purpose of considering the same, to be held at the office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, on Monday, December 31, 1928, at 12:00 o'clock Noon, and that notice of the time, place and object of such meeting be mailed forthwith to the last

454 *Exhibit G.*

known post office address of each of the stockholders of this corporation, and that such notice be published once in each week for three successive weeks in the Hartford Times.

Form of call for said meeting was presented and the same was approved.

The President reported that a meeting of the stockholders of The Arrow Electric Company would be held on December 31, 1928 for the purpose of considering said agreement of consolidation and merger. It was thereupon unanimously voted
455 that the executive officers of this company or any one of them be and they hereby are authorized to vote the stock of The Arrow Electric Company held in the treasury of this company in favor of resolution approving such merger and consolidation.

No further business appearing, the meeting thereupon adjourned.

HARVEY C. POND
Secretary

MINUTES OF SPECIAL MEETING OF THE
456 STOCKHOLDERS
OF
THE ARROW MANUFACTURING COMPANY

A Special Meeting of the Stockholders of The Arrow Manufacturing Company was duly held, pursuant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut, on Monday, December 31, 1928, at 12 o'clock noon.

The call for the meeting was read and ordered recorded with the minutes of the meeting.

Exhibit G.

457

The Secretary made return that a copy of this call was mailed on December 11, 1928, twenty days in advance of the meeting, to each stockholder of record, addressed to him at his last known address registered on the books of the company, and that a copy of such call was published once in each week for three successive weeks preceding such meeting in the Hartford Daily Times, a newspaper of this city, having a circulation in the Town of Hartford, in which said corporation is located. He also produced a publisher's affidavit from the Hartford Times, showing the publication.

458

The Secretary also presented an alphabetical list of the stockholders of the corporation, as required by law.

Messrs. Perkins and Burt were then duly appointed a committee on proxies and tellers, and as such committee they reported that 177,871 shares of the stock of this company issued and outstanding were represented in person or by proxy at this meeting.

459

The minutes of a special meeting of the Directors of this company, duly held on December 11, 1928, were then read, showing the action of the Board of Directors in executing an agreement, entitled "Agreement of Consolidation or Merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H. Electric Company", dated December 11, 1928. An original of this agreement signed by a majority of the directors of each of the four companies, parties to the agreement, with certificates attached showing that such merger or consolidation had been duly approved at stockholders' meetings of The Arrow Electric Company and The Hart & Hegeman Manu-

460 *Exhibit G.*

facturing Company, was then presented to the meeting.

The President stated that this agreement for the consolidation or merger of the four corporations named was the final step in the consummation of the Plan of Reorganization which was approved by the stockholders of this company at their meeting held December 1, 1928, and set out at length in a copy of the minutes of a meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held November 30, 1928, appended to the minutes
461 of that meeting of December 1, 1928. It was then further stated that, in pursuance of that plan and in accordance with the vote of the stockholders of Arrow-Hart & Hegeman, Incorporated, that company transferred to The Arrow Manufacturing Company all the common stock of The Arrow Electric Company in exchange for all the capital stock of The Arrow Manufacturing Company which was issued to the stockholders of Arrow-Hart & Hegeman, Incorporated, as outlined in that plan; and that likewise Arrow-Hart & Hegeman, Incorporated had transferred to The H. & H. Electric Company all the common stock of The Hart & Hegeman Manufacturing Company in exchange for all
462 the capital stock of The H. & H. Electric Company which was issued to the stockholders of Arrow-Hart & Hegeman, Incorporated, thus carrying out paragraph (a) of that plan;

That after such exchange of shares, in conformity to such Plan of Reorganization, had been consummated the stockholders of Arrow-Hart & Hegeman, Incorporated, at a meeting held December 19, 1928, voted to dissolve the corporate existence of that corporation;

And that now, in conformity to paragraph (c) of that Plan of Reorganization, the directors of the

four companies named in the agreement had agreed upon the consolidation or merger of the four companies, from which it will result that one share of the preferred stock of the consolidated corporation will be issued in lieu of each one share of preferred stock of The Arrow Electric Company, and one share of the preferred stock of the consolidated corporation will be issued in lieu of each one share of the preferred stock of The Hart & Hegeman Manufacturing Company, and that the common stock of the consolidated or merged corporation consisting of 200,000 shares, of the par value of $10.00 each, will be issued in the following proportions:

One-half of one share, in lieu of one share of the common stock of The Arrow Manufacturing Company, of the par value of $5.00 each, and one-half of one share in lieu of one share of the common stock of The H. & H. Electric Company, of the par value of $5.00 each.

The Matter was then discussed and the following motion was then offered:

VOTED: That the agreement entitled, "Agreement of Consolidation or Merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H. Electric Company", dated December 11, 1928, and executed by a majority of the directors of each of such four corporations under the corporate seals of the respective corporations, be and the same is hereby ratified and approved, and the officers of this company be and they are hereby authorized to take the necessary steps to have such agreement approved by the Secretary of the State of Connecticut and to consummate such consolidation.

466 *Exhibit G.*

The President stated that under the provisions of Section 3522 of the General Statutes of Connecticut, such agreement to be effective must be approved by a stock vote of at least two-thirds of all the outstanding stock of each class of each of the four companies. Accordingly, a stock vote was had and the tellers reported as follows

Total number of shares outstanding	200,000
Number of shares necessary for passage of the vote	133,334
Number of shares voting to approve	177,871
467 Number of shares voting not to approve	0

The President then declared the resolution to approve the Agreement of Consolidation or Merger had been passed and the agreement approved by a vote of more than two-thirds of all the outstanding stock of this corporation.

It was then on motion duly made and seconded, unanimously

VOTED: That the Secretary of this corporation be and he is hereby authorized to execute the certifi-
468 cate attached to the Agreement of Consolidation or Merger, showing the action taken this day by the stockholders and to affix the seal of this corporation thereto.

The meeting then adjourned.

Attest:

HARVEY C. POND
Secretary

Exhibit G.

469

Ballot

Special Meeting of Stockholders of the Arrow Manufacturing Company, December 31, 1928.

Ballot to approve the "Agreement for the Consolidation or Merger between the Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company".

Voted Yes

117871 shares represented by proxies

470

L. P. BROADHURST
WM. R. C. CORSON,
JOSEPH R. ENSIGN
P. B. GALE
J. O. ENDERS
ROBERT B. NEWELL

Proxies for Holders of Shares of the above number.

471

472 **Exhibit H.**

CERTIFICATE OF INCORPORATION

of

THE H & H ELECTRIC COMPANY

We, the subscribers, certify that we do hereby associate ourselves as a body politic and corporate under the statute laws of the State of Connecticut; and we further certify:

FIRST: That the name of the corporation is The H & H Electric company.

473

SECOND: That said corporation is to be located in the town of Hartford in the State of Connecticut.

THIRD: That the nature of the business to be transacted, and the purposes to be promoted or carried out, by said corporation, are as follows:

(a) To manufacture, buy, sell and deal in goods, wares, merchandise, appliances, devices, tools and implements of every and any nature, kind or description whatever;

(b) To buy or otherwise acquire, use and deal
474 in letters patent and patent rights of the United States and foreign countries relating to such appliances, devices, tools or implements or processes for the manufacture thereof;

(c) To buy or otherwise acquire, use and deal in, so far as by law permitted, trade-marks and trade labels granted by the United States of America and by foreign countries, relating to the business conducted by the corporation;

Exhibit H.

475

(d) To subscribe for, purchase or otherwise acquire, hold, sell, exchange, assign, transfer, pledge or otherwise dispose of shares of the capital stock, bonds, debentures, obligations or securities of any kind of any public or private corporation or of any state or territory or of the United States or of any foreign country, and while the owner thereof to exercise and enjoy all or any of the rights, privileges and benefits of ownership including the right to vote thereon and to receive and use for the purposes of this corporation and/or to distribute in dividends the income from such shares, 476
bonds, debentures, obligations or securities of any kind and the income of and/or gains from sales of such property; provided, however, that nothing in these articles shall give this corporation the power to sell or negotiate its own choses in action or to sell, guarantee or negotiate the choses in action of other persons or corporations as investments or as a business, or to do the business of an investment company as the same is defined in Chapter 71 of the General Statutes of 1918, or in any acts amending said Chapter or any section thereof.

FOURTH: That the amount of the capital stock of said corporation hereby authorized is One Million Dollars ($1,000,000) divided into two hundred thousand (200,000) shares of the par value of Five Dollars ($5) each, which stock shall be all one class. 477

FIFTH: That the amount of capital stock with which this corporation shall commence business is Two Thousand (2,000) Dollars.

478 *Exhibit H.*

SIXTH: That the duration of said corporation is unlimited.

Signatures of Incorporators

Name	*Residence*
Samuel P. Williams	Hartford, Conn.
Monroe Guett	Hartford, Conn.
John R. Cook	Hartford, Conn.

Dated at Hartford, this 30th day of November, 1928.

479

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

Hartford, November 30, 1928.

Personally appeared Samuel P. Williams, Monroe Guett and John R. Cook, being all of the incorporators of The H & H Electric Company, and made solemn oath to the truth of the foregoing certificate by them respectively subscribed, before me.

480

ALICE C. PETERSON
(Seal) Notary Public.

Exhibit H.

481

BY-LAWS

of

THE H & H ELECTRIC COMPANY

Adopted at the first meeting of the incorporators and subscribers of said corporation held on the 1st day of December, 1928, at No. 15 Lewis Street, Hartford, Connecticut.

SEAL

(1) The corporate seal shall have inscribed thereon the name of this corporation, the year of its organization and the words "Corporate Seal, Connecticut." 482

STOCKHOLDERS AND STOCKHOLDERS' MEETINGS

(2) All stockholders' meetings shall be held, unless otherwise appointed in the call, at the principal office of this corporation.

(3) The annual meetings of the stockholders after the year 1928 shall be held on a day in January to be fixed from time to time by the Board of Directors. 483

(4) At the annual meetings of the stockholders they shall elect from their own number by a plurality vote by ballot a board of not less than three nor more than eleven directors who shall hold office for one year and until others are chosen and qualified in their stead.

DIRECTORS

(5) The property and affairs of this corporation shall be managed by the Board of Directors

484 *Exhibit H.*

which may exercise all such powers and do all such things as may be exercised or done by this corporation but subject, nevertheless, to the provisions of the law of the State of Connecticut, of the Certificate of Incorporation and of these By-Laws. The Board of Directors by affirmative vote of a majority thereof may appoint from their number an executive committee and delegate to the same any of the powers of the Board of Directors.

(6). A majority of the Board of Directors shall constitute a quorum for the transaction of any business except that a less number may adjourn from time to time or fill vacancies as hereinafter provided.

485

(7) Whenever this corporation holds any stock of any other corporation, one or more directors and/or executive officers and/or agents of this corporation as designated by the Directors of this corporation may be chosen directors of such other corporation whether he be a stockholder or they be stockholders in such corpofation or not.

(8) At the first meeting of the Board of Directors after their election, when there shall be a quorum, they shall elect by ballot from their own number a President. They may also at any time or times elect one or more Vice-Presidents and shall at said first meeting elect a Treasurer and a Secretary. They may also appoint at any time an Assistant Treasurer and an Assistant Secretary (who need not be members of the Board) and such other officers and/or agents as they may from time to time determine.

486

(9) A regular meeting of the Board of Directors shall be held without notice immediately after

the annual stockholders' meeting in each year at the principal office of the corporation or, by order of the Board, elsewhere, at an hour to be fixed by the Board.

(10) Special meetings of the Board of Directors may be called by the President or Secretary, the same to be held at the time and place specified in such notice.

PRESIDENT

(11) The President shall be the chief executive officer and head of the corporation and in the recess of the Board of Directors shall have the general control and management of its business and affairs, subject, however, to the right of the Board of Directors to delegate any specific powers except such as may be by the laws of the State of Connecticut exclusively conferred on the President, to any other officer or officers of the corporation. 488

VICE-PRESIDENT

(12) The Vice-Presidents in order of election in the absence of the President shall perform the duties of the President. 489

SECRETARY

(13) The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and act as clerk thereof and record all votes and the minutes of all proceedings in a book to be kept for that purpose. In the absence of the Secretary from any meeting, the presiding officer of such meeting may appoint any person

490 *Exhibit H.*

to act as secretary thereof. The Secretary shall also perform such other duties as may be prescribed by the Board of Directors or the President.

TREASURER

(14) The Treasurer shall keep, or cause to be kept, full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit, or cause to be deposited, all moneys and other valuable effects in the name and to the credit of the corporation.

491

RESIGNATION

(15) Any director or officer may resign his office at any time, such resignation to be made in writing.

CORPORATE BOOKS

(16) The transfer books of the corporation may be closed by order of the Board of Directors for a period not exceeding fifteen days preceding any meeting, annual or special, of the stockholders, or

492 the day appointed for the payment of a dividend.

Exhibit H. 493

SUBSCRIPTIONS TO THE CAPITAL STOCK

of

THE H & H ELECTRIC COMPANY

WHEREAS: THE H & H ELECTRIC COMPANY has been incorporated, under the laws of the State of Connecticut;

NOW THEREFORE, WE, the undersigned do hereby severally and respectively subscribe to the number of shares of the capital stock of said corporation set opposite our respective signatures. 494

Name	*Residence*	*No. of Shares*
Samuel P. Williams	Hartford, Conn.	398
Monroe Guett	Hartford, Conn.	1
John R. Cook	Hartford, Conn.	1

WAIVER OF NOTICE OF FIRST MEETING OF INCORPORATORS AND SUBSCRIBERS

of

THE H & H ELECTRIC COMPANY 495

We, the undersigned, being all the subscribers to the capital stock and all of the incorporators of the above named corporation, incorporated under the laws of the State of Connecticut, do hereby waive all notice, whether statutory or otherwise, of the time, place and purpose of the first meeting of said corporation and do specify the 1st day of December, A. D. 1928, at 9:30 o'clock A. M. as the time and No. 15 Lewis St., Hartford, Connecticut, as the

496 *Exhibit II.*

place for said meeting and do consent to the transaction of such business as may come before the meeting, or any adjournment thereof, including the election of directors and the adoption of by-laws, the authorization of the Board of Directors to issue the shares of the unissued authorized capital stock of said corporation and to accept in full or part payment of the subscriptions therefor either cash or such property as said Board may, in its discretion, deem to be necessary to or proper for the business of this corporation, and the authorization of
497 the Board of Directors to call in the subscriptions to the capital stock heretofore or hereafter made to the full amount of such subscriptions, the same to be paid as and when called for by said Board either in cash or by the transfer of such property as may be deemed by said Board, in its discretion, to be necessary to or proper for the business of this corporation.

SAMUEL P. WILLIAMS
MONROE GUETT
JOHN R. COOK

498

Exhibit H. 499

MINUTES OF FIRST MEETING

of

INCORPORATORS AND SUBSCRIBERS

of

THE H & H ELECTRIC COMPANY

The first meeting of the corporation was held on the 1st day of December, 1928 at 9:30 o'clock A. M. at No. 15 Lewis Street, Hartford, Connecticut, pursuant to a written waiver of notice signed by all the subscribers to the capital stock and all the incorporators specifying said time and place. 500

The following incorporators and subscribers were present in person:

Name	*No. of Shares*
Samuel P. Williams	398
Monroe Guett	1
John R. Cook	1

being all the incorporators and subscribers of the corporation.

Mr. Samuel P. Williams called the meeting to order, and on motion was elected Chairman, and Mr. John R. Cook was chosen Temporary Clerk. 501

The Chairman reported that the Certificate of Incorporation of this corporation was filed in the office of the Secretary of the State of Connecticut on the 30th day of November, 1928, and that said Secretary of State had examined the same and endorsed thereon the word "Approved" with his name and official title, and that prior to such filing the franchise tax required by law had been paid, and that a certified copy of such Certificate of Incorporation

502 *Exhibit H.*

had been filed in the office of the Town Clerk in the Town of Hartford, the said Hartford being the town in which this corporation is located.

The Temporary Clerk presented a written waiver of notice of this meeting signed by all the subscribers to the capital stock and all the incorporators of this corporation and the same was ordered to be recorded at length upon the records of this corporation.

The Chairman presented a form of by-laws for the regulation of the affairs of this corporation,
503 which were read and unanimously adopted.

The Chairman presented the original subscriptions to the stock of this corporation showing that Messrs. Samuel P. Williams, Monroe Guett and John R. Cook had subscribed for Four Hundred (400) shares of the capital stock of this corporation, the same being the full amount of capital stock with which this corporation is authorized to do business.

Messrs. Samuel P. Williams, Monroe Guett and John R. Cook were nominated for directors of the corporation to hold office until the annual meeting and until others are chosen and qualified in their
504 stead. No other nominations having been made, the meeting thereupon proceeded to vote upon the said nominations and a ballot having been had the Chairman announced that the above named persons had been unanimously elected Directors of this corporation for the term aforesaid.

The Board of Directors were authorized to call in the subscriptions to the capital stock to the full amount of such subscriptions, the same to be paid as and when called for by said Board, either in cash or by the transfer of such property as may be deemed by said Board, in its discretion, to be neces-

Exhibit H.

505

sary to or proper for the business of this corporation.

Upon motion duly made and seconded, it was resolved that the seal, an impression of which is hereto affixed, be adopted as the (Seal) corporate seal of this corporation.

Upon motion duly made and seconded, it was ordered that copies of each of the following papers, or the originals thereof, be inserted in the minute book for the purpose of reference:

506

(1) Certificate of Incorporation.
(2) By-Laws.
(3) Waiver of Notice of this Meeting.
(4) Subscriptions to Stock.

No further business being presented, the meeting thereupon adjourned.

Attest:

JOHN R. COOK
Temporary Clerk

507

508 *Exhibit H.*

WAIVER OF NOTICE OF FIRST MEETING
OF THE BOARD OF DIRECTORS OF
THE H & H ELECTRIC COMPANY

We, the undersigned, being all the directors of The H & H Electric Company, hereby waive notice of the time, place and purpose of a meeting of the Board of Directors of said corporation and designate the 1st day of December 1928 at 9:45 o'clock A. M. as the time and No. 15 Lewis Street, Hartford, Connecticut as the place of said meeting.

509 Dated this 1st day of December, 1928.

SAMUEL P. WILLIAMS
MONROE GUETI
JOHN R. COOK

MINUTES OF FIRST MEETING

of

BOARD OF DIRECTORS

of

510 THE H & H ELECTRIC COMPANY

The first meeting of the Board of Directors of THE H & H ELECTRIC COMPANY was held at No. 15 Lewis Street, Hartford, Connecticut, on the 1st day of December, 1928, at 9:45 o'clock A. M., pursuant to a written waiver of notice, signed by all the Directors, fixing said time and place.

All members of the Board were present.

Exhibit H.

The following were unanimously elected to the offices set before their respective names, to hold office until the next annual meeting of the corporation and until their successors are respectively elected and qualified: 511

President and Treasurer Samuel P. Williams
Secretary John R. Cook

The President thereupon took the chair and the Secretary acted as secretary of this meeting.

The minutes of the first meeting of the incorporators and subscribers to the capital stock of the corporation were thereupon read. 512

On motion made and duly seconded it was unanimously:

VOTED: That an office of this corporation be established and maintained at the banking office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, and that Ray L. Makin be and he hereby is designated as the agent of this corporation in charge of said office upon whom process against it may be served; that meetings of the Board of Directors be held either at said banking office or elsewhere in Connecticut as the Board shall from time to time order, and that said trust company be and it hereby is appointed transfer agent of the stock of this company. 513

It was thereupon unanimously:

VOTED: Full payment of all subscriptions to the capital stock of this company is hereby called, payable in cash.

514 *Exhibit H.*

There was thereupon paid into the treasury of the company Two Thousand Dollars ($2,000) in cash, being the full amount of capital with which this company has stated in its Certificate of Incorporation as being the amount with which it would begin business, and being in full of all subscriptions to its stock, viz:

Mr. Samuel P. Williams' subscription for	398 shares
Mr. Cook's and Mr. Guett's subscriptions for	1 share each
	400 shares

515

It was thereupon:

VOTED: To issue to the respective subscribers certificates of shares or receipts pending preparation of permanent certificates.

The form of stock certificate of this corporation was presented and the same approved.

The Certificate of Organization of this corporation was thereupon prepared and filed as required by law.

It was ordered that copies of the following papers, or originals thereof, be inserted in the minute book for reference:

516

1. Waiver of Notice
2. Certificate of Organization.

On motion duly made and seconded the meeting recessed to reconvene on adjournment of meeting of stockholders of the corporation to be held forthwith.

JOHN R. COOK
Secretary

Attest:

Exhibit H.

CERTIFICATE OF ORGANIZATION

of

THE H & H ELECTRIC COMPANY

The undersigned, a majority of the directors of The H & H Electric Company, located in the Town of Hartford hereby certify as follows:

First: That the amount of the authorized capital stock subscribed for is four hundred (400) shares, the same being all common stock of five (5) Dollars each, and upon all of which there has been paid not less than the full amount of Two Thousand (2,000) Dollars, with which the incorporators in the certificate of incorporation stated the company would begin business.

Second: That the amount paid thereon in cash is Two Thousand (2,000) Dollars.

Third: That the amount paid thereon in property other than cash is nothing.

Fourth: That Five (5) Dollars has been paid upon each share subscribed for.

Fifth: That the name, residence and post-office address of each of the original subscribers to said stock, with the number and class of shares subscribed for by each are as follows:

Name	*Residence*	*P. O. Address*	*No. of Shares*
Samuel P. Williams	Hartford, Conn.	Hartford, Conn	398
Monroe Guett	" "	" "	1
John R. Cook	" "	" "	1

Exhibit H.

Sixth: That the directors and officers of said corporation have been duly elected and that its by-laws have been adopted.

Seventh: That the name, residence and post-office address of each of the officers and directors of said corporation are as follows:

Name	*Residence*	*P. O. Address*
President		
Samuel P. Williams	Hartford, Conn.	Hartford, Conn.
Treasurer		
Samuel P. Williams	Hartford, Conn.	Hartford, Conn.
Secretary		
John R. Cook	Hartford, Conn.	Hartford, Conn.
DIRECTORS:		
Samuel P. Williams	" "	" "
Monroe Guett	" "	" "
John R. Cook	" "	" "

Eighth: That the location of its principal office in this state is the banking office of Phoenix State Bank & Trust Company, No. 803 Main Street, Hartford, Connecticut and the name of the agent or person in charge thereof upon whom process against it may be served is Ray L. Makin.

Dated at Hartford this 1st day of December, 1928.

SAMUEL P. WILLIAMS
JOHN R. COOK
A Majority of the Directors.

Exhibit H.

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

Hartford, December 1, 1928

Personally appeared Samuel P. Williams and John R. Cook, signers of the foregoing Certificate of Organization, a majority of the directors of The H & H Electric Company, and made oath to the truth of the same, before me,

ALICE C. PETERSON
Notary Public
(Seal)

MINUTES OF MEETING OF STOCKHOLDERS

of

THE H & H ELECTRIC COMPANY

A meeting of the stockholders of THE H & H ELECTRIC COMPANY was held on the 1st day of December, 1928, at 10:00 A. M. at No. 15 Lewis Street, Hartford, Connecticut.

All stockholders were present, viz.: Messrs. Williams, Cook and Guett.

The following vote was unanimously passed:

VOTED: That the Board of Directors of this corporation is hereby authorized to issue all or any part of its unissued authorized capital stock; to receive and approve all additional subscriptions for the same and to accept in full

526 *Exhibit H.*

or part payment of such subscriptions either cash or such property as the Board in its discretion may deem necessary or proper for the business of the corporation.

All stockholders waived their several and respective rights as stockholders to subscribe to such additional stock as the Board of Directors may decide to issue under the authority of the foregoing vote.

527 The President presented to the meeting the plan of reorganization as set forth in the minutes of the Board of Directors of Arrow-Hart & Hegeman, Inc., a copy of which is annexed to these minutes. The plan as therein outlined was, on motion duly made and seconded, unanimously approved and the Directors were authorized to issue any or all of the unissued authorized capital stock of this corporation, viz., 199,600 shares to Arrow-Hart & Hegeman, Inc. or to the stockholders thereof pro rata in exchange for the property of said Arrow-Hart & Hegeman, Inc. to be transferred to this corporation under such plan of reorganization.

528 The President suggested that in order to fully carry out such plan of reorganization it was advisable that the stockholders of this company turn in the stock owned by them, viz., 400 shares, to this corporation in order to enable it to make the exchange as outlined in such plan of reorganization for the property of Arrow-Hart & Hegeman, Inc. to be transferred to this company under such plan of reorganization, viz., 20,000 of the common shares of The Hart & Hegeman Mfg. Company, par $25 each.

Exhibit H.

529

The suggestion of the President was unanimously approved and each stockholder for himself agreed to transfer to this corporation on demand shares issued to him or to which he was entitled by reason of the payment of his subscription.

No further business appearing the meeting thereupon adjourned.

JOHN R. COOK
Secretary

Attest:

530

11/30/28

A special meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated was duly held, pursuant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company, 803 Main Street, Hartford, Connecticut, on Friday, November 30, 1928 at 4 o'clock in the afternoon.

The following directors were present, namely Messrs. Grier, Burt, Chase, Day, Glazier, Guett, Perkins, Stevenson and Williams.

There were also present the companies' Counsel, 531
Messrs. Arthur L. Shipman and Charles Welles Gross.

The President reported that since the last meeting of this Board on November 10, 1928, the officers and counsel have been at work upon the formulation of the plan of reorganization and have considered the matter both from the viewpoint of satisfying the criticism of the Federal Trade Commission and of meeting the income tax situation. Mr. Arthur Randall, C. P. A., of this City has been of

532 *Exhibit H.*

great assistance to your officers and counsel in suggesting and in working out the details of the plan hereinafter set forth. They have also conferred with Colonel Robert H. Montgomery of New York, the well known authority on Income Tax Law and Procedure, and have received from Colonel Montgomery an opinion dated November 27, 1928, that the plan outlined in that opinion will involve no taxable gain either to the corporation or its stockholders at this time.

533 The outline of the plan is as follows:

(a) By vote of its stockholders Arrow-Hart & Hegeman, Incorporated will transfer to a new Arrow Company, to be known as The Arrow Manufacturing Company, all the shares of the common stock of the Arrow Electric Company in exchange for all the shares of The Arrow Manufacturing Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share, par value $5.00, for every share of Arrow-Hart & Hegeman, Inc. now held by the stockholders. Likewise, Arrow-Hart & Hegeman, Incorporated will transfer to a new Hart
534 & Hegeman Company, to be known as The H & H Electric Company, all the shares of the common stock of The Hart & Hegeman Manufacturing Company in exchange for all the shares of The H & H Electric Company, which will be issued directly to the stockholders of Arrow-Hart & Hegeman, Incorporated in the proportion of one share of The H & H Electric Company, par value $5.00 for each share of Arrow-Hart & Hegeman, Incorporated now held by the stockholders. This will be done without a surrender of the shares of Arrow-Hart & Hegeman, Incorporated.

Exhibit H.

To accomplish this first step a special stockholders' meeting of Arrow-Hart & Hegeman, Incorporated will be called and held on December 6, 1928.

(b) When such exchange of shares in conformity to this plan of reorganization has been consummated prior to December 10, 1928, there will be no further reason for the continued corporate existence of Arrow-Hart & Hegeman, Incorporated, and therefore, at the meeting called for December 10, 1928, or at an adjournment thereof, that corporation may be dissolved. It will then have no assets and no liabilities, and its dissolution will be a purely formal matter.

(c) There will then be in existence four corporations,—The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, the new Arrow Manufacturing Company and the new H & H Electric Company. The corporate stock of these four companies will then be held as follows:

Name of Company	*Stock*				*Stockholders*
Arrow Electric Company	30,000	shs.	Com., par	$25	Arrow Mfg. Co.
	18,950	"	Pfd. "	100	Public
Hart & Hegeman Mfg. Co.	20,000	"	Com. "	25	H&H Elec. Co.
	13,333	"	Pfd. "	100	Public
Arrow Mfg. Co.	200,000	"	Com. "	5	Public
H. & H. Electric Co.	200,000	"	" "	5	Public

The plan provides that these four companies, all having manufacturing charters, will make an agreement for consolidation or merger by vote, in the first instance, of the Board of Directors of each of the four companies, to be dated about December 10, 1928 and to be submitted to stockholders at a meeting to be called for each corporation on December

538 *Exhibit H.*

31, 1928 at which time the agreement, if approved by the stockholders, will be effective, a particularly advantageous time as the close of the tax year. By this agreement of merger or consolidation it will result that the merged or consolidated corporation will have outstanding one class of preferred stock equal in the aggregate to the number of shares of preferred stock of Arrow Electric Company and Hart & Hegeman Manufacturing Company now outstanding, so that the public owning the preferred stock will receive one share of preferred
539 stock, of the par value of $100., for each share of preferred stock of The Arrow Electric Company now outstanding, and one share of preferred stock for each share of preferred stock of The Hart & Hegeman Manufacturing Company now outstanding; that the common stock of the merged or consolidated corporation will be 200,000 shares, of the par value of $10., so that one share of the common stock of the merged or consolidated corporation will be issued in exchange for a unit of one share of The Arrow Manufacturing Company common, of the par value of $5. and one share of The H & H Electric Company common, par value $5, the net result
540 on common stock being that the stockholders of Arrow-Hart & Hegeman, Incorporated will ultimately hold one share of the merged or consolidated corporation, of the par value of $10., for every one share of Arrow-Hart & Hegeman, Incorporated now held by them.

The President further reported that, to accomplish this entire plan of reorganization before the close of the calendar year, it is necessary that notices for such a meeting be issued forthwith, to be held December 6th, and in order that these notices

541

may be printed and be issued tomorrow, December 1st, counsel have approved a form of letter to the stockholders of Arrow-Hart & Hegeman, Incorporated, a form of proxy running to the same six gentlemen who have been named in the proxy for the meeting of December 10th, and a form of call for the meeting, all of which he then submitted for consideration and approval by this meeting.

The matter was then discussed and it was then, on motion made by Mr. Burt and seconded by Mr. Chase,

542

VOTED: That the plan of reorganization as outlined by the President be approved by this Board and that a special meeting of stockholders be called for December 6, 1928, to consider and adopt such plan and to authorize the exchange of shares therein provided for.

On motion made by Mr. Chase and seconded by Mr. Stevenson, it was further

VOTED: That the form of the call for such meeting, the form of Power of Attorney Consent and proxy submitted and the form of letter to be sent to stockholders, signed by Mr. Grier, as President and Mr. Williams, as Vice President, be and they are hereby approved.

543

In order to prepare papers for the carrying out of such plan, if adopted, and in order to expedite the voting at both meetings on December 6th and December 10th by proxy, it was on motion made by Mr. Day and seconded by Mr. Burt,

VOTED: That in accordance with the by-laws of this company, the stock transfer books of this com-

544 *Exhibit H.*

pany be closed from this 30th day of November, 1928, until the final adjournment of the stockholders meeting called for December 10, 1928.

The meeting adjourned at 5:30 o'clock P. M.

Attest:

BENJAMIN C. PERKINS
Secretary

545

MINUTES OF MEETING

of

THE BOARD OF DIRECTORS

of

THE H & H ELECTRIC COMPANY

The Board of Directors of THE H & H ELECTRIC COMPANY reconvened their meeting at No. 15 Lewis Street on December 1, 1928 at 10:15 A. M., all of the Directors being present, viz.: Messrs. Williams, Cook and Guett.

546 The minutes of the meeting of the stockholders of the company held this day immediately preceding the reconvention of this meeting were read.

In accordance with and for the purpose of carrying out the plan of reorganization outlined in the minutes of said stockholders' meeting, on motion duly made and seconded, the following vote was unanimously passed:

VOTED: The officers of this company are hereby authorized to issue to Arrow-Hart & Hegeman, Inc. or to its several and respective

547

stockholders in proportion to their holdings of stock thereof, share for share, certificates of stock of this corporation to the full amount of its unissued and authorized capital stock, viz., 199,600 shares, and to deliver the same together with the 400 shares of this corporation now issued, to such corporation or to the stockholders thereof, in exchange for and on transfer to this corporation by Arrow-Hart & Hegeman, Inc. of all common shares of capital stock of The Hart & Hegeman Mfg. Company, viz., 20,000 shares, par $25, now held by said Arrow-Hart & Hegeman, Inc.

548

And we, a majority of the Directors of The H & H Electric Company, hereby state over our hands that in our opinion said 20,000 shares of authorized Common capital stock of The Hart & Hegeman Mfg. Company has a value in excess of $1,000,000, being the par value of the capital stock of this company to be issued and delivered in exchange therefor.

SAMUEL P. WILLIAMS
MONROE GUEIT
JOHN R. COOK

549

No further business appearing, the meeting thereupon adjourned.

JOHN R. COOK
Secretary

Attest:

550

Exhibit H.

WAIVER OF NOTICE OF SPECIAL MEETING

of

STOCKHOLDERS OF

THE H & H ELECTRIC COMPANY

The undersigned, being all the stockholders of The H & H Electric Company, do hereby waive all notice of a special meeting of the stockholders of that company to be held on the 6th day of December, 1928 at 11:30 o'clock in the forenoon, at the
551 office of the corporation, No. 803 Main Street, Hartford, Connecticut, and do consent to the transaction of any business which may come before such meeting, including a proposal to amend the sixteenth paragraph of the by-laws of this company.

Dated at Hartford, this 6th day of December, 1928.

SAMUEL P. WILLIAMS
MONROE GUETT
JOHN R. COOK

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Exhibit H.

553

MINUTES OF SPECIAL MEETING OF STOCKHOLDERS

OF

THE H & H ELECTRIC COMPANY

A special meeting of the stockholders of The H & H Electric Company was duly held, pursuant to waiver signed by each and every stockholder, at the office of the company, No. 803 Main Street, Hartford, Connecticut, on December 6, 1928, at 11:30 o'clock in the forenoon.

All the stockholders were present, viz: Messrs. Williams, Guett and Cook. 554

The President reported that pursuant to the plan of reorganization involving the merger of four companies it was deemed essential that the stock books of this company should be closed from this date until the adjournment of a meeting of its stockholders which it is expected will be called to be held on December 31, 1928, and that to close such books for such period it would be necessary to amend the by-laws as now existing.

On motion duly made and seconded, it was then unanimously voted that paragraph No. 16 of the by-laws of this company as now existing be and the same is hereby amended to read as follows: The 555 transfer books of this corporation may be closed by order of the board of directors for such period preceding any stockholders' meeting or preceding the day appointed for the payment of a dividend as said board of directors may deem necessary or proper in any case.

No further business appearing, the meeting thereupon adjourned.

Attest: J. R. COOK
Secretary

556 *Exhibit H.*

WAIVER OF NOTICE OF SPECIAL MEETING
OF THE DIRECTORS OF
THE H&H ELECTRIC COMPANY

The undersigned, constituting all the directors of The H & H Electric Company, hereby waive notice of a special meeting of its board of directors to be held at the office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, being the corporate office of this company, on Thursday, December 6, 1928, at 12:00 o'clock noon.

557 Dated at Hartford, this 6th day of December, 1928.

SAMUEL P. WILLIAMS
MONROE GUETT
JOHN R. COOK

MINUTES OF SPECIAL MEETING OF BOARD
OF DIRECTORS OF
THE H & H ELECTRIC COMPANY

558 A special meeting of the board of directors of The H & H Electric Company was duly held, pursuant to waiver signed by all the directors, at the corporate office of the company in the office of Phoenix State Bank and Trust Company, No. 803 Main Street, Hartford, Connecticut, on Thursday, December 6, 1928, at 12:00 o'clock noon.

All the directors were present, viz. Messrs. Williams, Guett and Cook.

Mr. Samuel P. Williams, the President, presided.

The President then stated that, in accordance with the plan of reorganization previously adopted

Exhibit H.

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by this company and in accordance with the offer made by this corporation to exchange its shares, the stockholders of Arrow-Hart & Hegeman, Incorporated have this day at a special meeting passed a vote approving and adopting the plan of reorganization above referred to and have transferred to this company Twenty Thousand (20,000) shares, par Twenty-five (25) Dollars each, of the common stock of The Hart & Hegeman Manufacturing Company, being all the common stock of that company outstanding, in exchange for all the capital stock of this company, consisting of Two Hundred Thousand (200,000) shares, of the par value of Five (5) Dollars each.

560

By said vote this company was directed to issue and deliver said Two Hundred Thousand (200,000) shares to and in the names of the several and respective stockholders of Arrow-Hart & Hegeman, Incorporated pro rata and in the proportion of one (1) share of the stock of this company for each one (1) share of stock of Arrow-Hart & Hegeman, Incorporated now held by its stockholders, as shown by the stock books of that company, of which an attested list has been furnished to this company by the secretary of Arrow-Hart & Hegeman, Incorporated.

561

The President then presented to the meeting an attested copy of the vote of the stockholders of Arrow-Hart & Hegeman, Incorporated and the attested list of its stockholders above referred to.

The following vote was then unanimously passed:

VOTED: That whereas Arrow-Hart & Hegeman, Incorporated has transferred to this company all the shares of the common stock of The Hart & Hegeman Manufacturing Company con-

562 *Exhibit H.*

sisting of Twenty Thousand (20,000) shares, of the par value of Twenty-five (25) Dollars each, in exchange for all the shares of this company pursuant to the plan of reorganization heretofore adopted; and whereas said Arrow-Hart & Hegeman, Incorporated has directed this company to issue said Two Hundred Thousand (200,000) shares of the capital stock of this company to and in the names of the several and respective stockholders of Arrow-Hart & Hegeman, Incorporated pro rata and in the proportion of one (1) share of the stock of this
563 company for each one (1) share of Arrow-Hart & Hegeman, Incorporated now held by such stockholders, as shown by an attested list of its stockholders taken from the stock books of Arrow-Hart & Hegeman, Incorporated; now therefore the vote passed by this board at its meeting held on December 1, 1928 be and the same is hereby amended to read that the officers of this company are hereby authorized and directed to issue to the stockholders of Arrow-Hart & Hegeman, Incorporated, as shown on an attested list of its stockholders, which has been furnished to this company, all
564 the stock of this company now unissued, viz: One Hundred Ninety-nine Thousand Six Hundred (199,600) shares and to deliver the same together with the Four Hundred (400) shares heretofore issued to such stockholders named on such list, the same being so issued by direction of Arrow-Hart & Hegeman, Incorporated in exchange for all the common stock of The Hart & Hegeman Manufacturing Company which has been transferred to this corporation pursuant to such plan of reorganization.

Exhibit H.

565

In order to expedite the consummation of the plan of reorganization and the merger of the companies as contemplated therein, it was unanimously voted that in accordance with the by-laws of this company as amended this day at a special meeting of its stockholders stock transfer books of this company be and they are hereby closed until the close of business on December 31, 1928 and thereafter until the final adjournment of a special meeting of stockholders to be called to adopt an agreement of consolidation and merger of this company with other companies, this board being of the opinion that the closing of such books is necessary to expedite the consummation of such plan.

566

The President then called attention to the fact that as this company owned all the common stock of The Hart & Hegeman Manufacturing Company, it would be necessary, in accordance with Article 7 of the by-laws of this company, to designate agents for this company to act as directors of The Hart & Hegeman Manufacturing Company. It was then unanimously voted that the following be and they hereby are designated agents of this company, eligible to be chosen as directors of The Hart & Hegeman Manufacturing Company, viz: Robert C. Buell, George H. Burt, Charles Welles Gross, Samuel P. Williams and John R. Cook.

567

Mr. Arthur C. Mason, Vice-President of Phoenix State Bank and Trust Company, Transfer Agent, then appeared before the meeting of this board and reported that in accordance with the vote this day passed the Two Hundred Thousand (200,000) shares of the capital stock of this company had been issued pro rata and in the proportion of one (1) share of this company for each one (1) share of Arrow-Hart & Hegeman, Incorporated, to the

568 stockholders appearing upon the attested list of stockholders of Arrow-Hart & Hegeman, Incorporated.

No further business appearing, the meeting thereupon adjourned:

Attest:

J. R. COOK
Secretary

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569 At a special meeting of the stockholders of Arrow-Hart & Hegeman, Incorporated duly held December 6, 1928 the following vote was passed by a vote of more than two-thirds of the outstanding stock:

VOTED: That the Plan of Reorganization submitted to and approved by the Board of Directors of this Company at their meeting on November 30, 1928, as set forth in the minutes of that meeting, be and hereby is approved and adopted;

That pursuant thereto this corporation transfer and convey to The Arrow Manufacturing Company
570 all the holdings of this corporation in the common stock of The Arrow Electric Company, consisting of 30,000 shares (par $25 each) in exchange for all the capital stock of The Arrow Manufacturing Company, consisting of 200,000 shares (par $5 each), and that said The Arrow Manufacturing Company be and it is hereby directed to issue and deliver said 200,000 shares to and in the names of the several and respective stockholders of this corporation pro rata and in the proportion of one share of the Arrow Manufacturing Company for each

Exhibit H.

571

one share of Arrow-Hart & Hegeman, Incorporated now held by them as shown by the stock books of this company, of which an attested list shall be furnished to The Arrow Manufacturing Company by the Secretary of this company;

That pursuant thereto this corporation transfer and convey to The H. & H. Electric Company all the holdings of this corporation in the common stock of The Hart & Hegeman Manufacturing Company, consisting of 20,000 shares (par $25 each) in exchange for all the capital stock of The H. & H. Electric Company consisting of 200,000 shares (par $5 each), and that said The H. & H. Electric Company be and it is hereby directed to issue and deliver said 200,000 shares to and in the names of the several and respective stockholders of this corporation pro rata and in the proportion of one share of The H. & H. Electric Company for each one share of Arrow-Hart & Hegeman, Incorporated now held by them as shown by the stock books of this company, of which an attested list shall be furnished to The H. & H. Electric Company by the Secretary of this company, and

572

That the President of this company, or the Treasurer, be and he is hereby authorized and directed to execute and deliver all instruments necessary or convenient to carry out such exchange of shares.

573

Attest:

(SEAL)

BENJAMIN C. PERKINS
Secretary

574 *Exhibit H.*

December 8, 1928

A special meeting of the Board of Directors of The H & H Electric Company will be held at the office of the Phoenix State Bank and Trust Company, #803 Main Street, on Tuesday, December 11, 1928 at 2 o'clock in the afternoon, to consider and approve the agreement for consolidation or merger of:

The Arrow Electric Company
The Hart & Hegeman Manufacturing Company
The Arrow Manufacturing Company
575 The H & H Electric Company

pursuant to the plan of reorganization of which you have knowledge; and to transact any other business incidental to the same matter.

Your presence is earnestly desired as the agreement, if approved, must be signed by at least a majority of the Board.

S. P. WILLIAMS
President

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576 MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE H & H ELECTRIC COMPANY

At a special meeting of the Board of Directors of The H & H Electric Company held at the office of Phoenix State Bank & Trust Company, No. 803 Main Street, Hartford, on Tuesday, December 11, 1928, at 2:00 o'clock P. M., pursuant to the foregoing call, the following directors were present: Messrs. Williams, Guett and Cook.

Exhibit H.

577

The President stated that the meeting was called to consider and act upon a proposed agreement for the consolidation and merger of this company, The Arrow Manufacturing Company, The Hart & Hegeman Manufacturing Company and The Arrow Electric Company, pursuant to a plan of reorganization, an outline of which was approved at a stockholders' meeting of this company, held December 1, 1928, and which appears in the minutes of said meeting.

The President presented written form of agreement of consolidation or merger of said companies, copy of which is annexed to these minutes. The same was fully considered and discussed. On motion duly seconded the form of said agreement was approved and signed by the individual directors of the company under its corporate seal.

578

Thereupon on motion duly seconded it was unanimously voted to submit said agreement to the stockholders of this company and that a meeting thereof be called for the purpose of considering the same, to be held at the office of Phoenix State Bank and Trust Company No. 803 Main Street, Hartford, on Monday, December 31, 1928, at 1:00 o'clock P. M., and that notice of the time, place, and object of such meeting be mailed forthwith to the last known post office address of each of the stockholders of this corporation, and that such notice be published once in each week for three successive weeks in the Hartford Times.

579

Form of call for said meeting was presented and the same was approved:

The President reported that a meeting of the stockholders of The Hart & Hegeman Manufacturing Company would be held on December 31, 1928 for the purpose of considering said agreement of consolidation and merger. It was thereupon unani-

580 *Exhibit H.*

mously voted that the executive officers of this company or any one of them be and they hereby are authorized to vote the stock of The Hart & Hegeman Manufacturing Company held in the treasury of this company in favor of resolution approving such merger and consolidation.

No further business appearing, the meeting thereupon adjourned.

JOHN R. COOK
Secretary

581

MINUTES OF SPECIAL MEETING

OF THE

STOCKHOLDERS

OF

THE H & H ELECTRIC COMPANY

A special meeting of the Stockholders of The H & H Electric Company was duly held, pursuant to notice, in the Directors' Room of the Phoenix State Bank and Trust Company, No. 803 Main
582 Street, Hartford, Connecticut, on Monday, December 31, 1928 at 1 o'clock in the afternoon.

The call for the meeting was read and ordered recorded with the minutes of the meeting.

The Secretary made return that a copy of this call was mailed on December 11, 1928, twenty days in advance of the meeting, to each stockholder of record, addressed to him at his last known address registered on the books of the company, and that a copy of such call was published once in each week for three successive weeks preceding such meeting

in the Hartford Daily Times, a newspaper of this city, having a circulation in the Town of Hartford, in which said corporation is located. He also produced a publisher's affidavit from the Hartford Times, showing the publication. 583

The Secretary also presented an alphabetical list of the stockholders of the corporation, as required by law.

Messrs. Guett and Burt were then duly appointed a committee on proxies and tellers, and as such committee they reported that 177,871 shares of the stock of this company issued and outstanding were represented in person or by proxy at this meeting. 584

The minutes of a special meeting of the Directors of this company, duly held on December 11, 1928, were then read, showing the action of the Board of Directors in executing an agreement entitled "Agreement of Consolidation or Merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company", dated December 11, 1928. An original of this agreement signed by a majority of the directors of each of the four companies, parties to the agreement, with certificates attached showing that such merger or consolidation had been duly approved at stockholders' meetings of The Arrow Electric Company, The Hart & Hegeman Manufacturing Company and The Arrow Manufacturing Company, was then presented to the meeting. 585

The President stated that this agreement for the consolidation or merger of the four corporations named was the final step in the consummation of the Plan of Reorganization which was approved by the stockholders of this company at their meeting held December 1, 1928, and set out at length in a

586 *Exhibit H.*

copy of the minutes of a meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held November 30, 1928, appended to the minutes of that meeting of December 1, 1928. It was then further stated that, in pursuance of that plan and in accordance with the vote of the stockholders of Arrow-Hart & Hegeman, Incorporated, that company transferred to The Arrow Manufacturing Company all the common stock of The Arrow Electric Company in exchange for all the capital stock of The Arrow Manufacturing Company which was
587 issued to the stockholders of Arrow-Hart & Hegeman, Incorporated, as outlined in that plan; and that likewise Arrow-Hart & Hegeman, Incorporated had transferred to the H. & H. Electric Company all the common stock of The Hart & Hegeman Manufacturing Company in exchange for all the capital stock of The H. & H. Electric Company which was issued to the stockholders of Arrow-Hart & Hegeman, Incorporated, thus carrying out paragraph (a) of that plan:

That after such exchange of shares, in conformity to such Plan of Reorganization, had been consummated the stockholders of Arrow-Hart & Hegeman, Incorporated, at a meeting held December 10, 1928,
588 voted to dissolve the corporate existence of that corporation:

And that now, in conformity to paragraph (c) of that Plan of Reorganization, the directors of the four companies named in the agreement had agreed upon the consolidation or merger of the four companies, from which it will result that one share of the preferred stock of the consolidated corporation will be issued in lieu of each one share of preferred stock of The Arrow Electric Company, and one share of the preferred stock of the consoli-

dated corporation will be issued in lieu of each one share of the preferred stock of The Hart & Hegeman Manufacturing Company, and that the common stock of the consolidated or merged corporation consisting of 200,000 shares, of the par value of $10.00 each, will be issued in the following proportions:

One-half of one share, in lieu of one share of the common stock of The Arrow Manufacturing Company, of the par value of $5.00 each, and one-half of one share in lieu of one share of the common stock of The H. & H. Electric Company, of the par value of $5.00 each. 590

The matter was then discussed and the following motion was then offered:

VOTED: That the agreement entitled, "Agreement of Consolidation or Merger between The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H. Electric Company", dated December 11, 1928, and executed by a majority of the directors of each of such four corporations under the corporate seals of the respective corporations, be and the same is hereby ratified and approved, and the officers of this company be and they are hereby authorized to take the necessary steps to have such agreement approved by the Secretary of the State of Connecticut and to consummate such consolidation. 591

The President stated that under the provisions of Section 3522 of the General Statutes of Connecticut, such agreement to be effective must be approved by a stock vote of at least two-thirds of all the outstanding stock of each class of each of

592 *Exhibit H.*

the four companies. Accordingly, a stock vote was had and the tellers reported as follows:

Total number of shares outstanding	200,000
Number of shares necessary for passage of the vote	133,334
Number of shares voting to approve	177,871
Number of shares voting not to approve	0

The President then declared the resolution to approve the Agreement of Consolidation or Merger
593 had been passed and the agreement approved by a vote of more than two-thirds of all the outstanding stock of this corporation.

It was then on motion duly made and seconded unanimously

VOTED: That the Secretary of this corporation be and he is hereby authorized to execute the certificate attached to the Agreement of Consolidation or Merger, showing the action taken this day by the stockholders and to affix the seal of this corporation thereto.

594 The meeting then adjourned.

Attest:

JOHN R. COOK
Secretary

Exhibit H.

595

Ballot

Special Meeting of Stockholders of The H & H Electric Company, December 31, 1928.

Ballot to approve the "Agreement for the Consolidation or Merger between the Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H & H Electric Company".

Voted Yes

177,871 shares represented by proxies

596

L. P. BROADHURST
WM. R. C. CORSON
JOSEPH R. ENSIGN
P. B. GALE
J. O. ENDERS
ROBERT B. NEWELL

Proxies for Holders of Shares of the above number.

597

598 **Exhibit I.**

AGREEMENT OF CONSOLIDATION OR MERGER BETWEEN THE ARROW ELECTRIC COMPANY, THE HART & HEGEMAN MANUFACTURING COMPANY, THE ARROW MANUFACTURING COMPANY AND THE H. & H. ELECTRIC COMPANY.

We, the undersigned, constituting a majority of the directors of each of the following named corporations organized under the statute laws of the State of Connecticut, to wit:

The Arrow Electric Company,
The Hart & Hegeman Manufacturing Com-
599 pany,
The Arrow Manufacturing Company, and
The H. & H. Electric Company,

all located in the Town of Hartford, in the State of Connecticut, for the purpose of effecting a consolidation and merger of the above-named corporations under and by virtue of the provisions of the statute laws of said state, said corporations being engaged in business of the same or a similar nature, hereby enter into an agreement as follows:

First. That the name of the consolidated corporation shall be "The Arrow-Hart & Hegeman Electric Company."
600

Second: That the following are the names and places of residence of all of its first directors:

Name	*Residence*
Edward R. Grier	Hartford, Conn.
Samuel P. Williams	" "
Benjamin C. Perkins	" "
Monroe Guett	" "
George H. Burt	" "
Charles E. Chase	West Hartford, Conn.
Arthur P. Day	Hartford, Conn.
Daniel J. Glazier	" "
George S. Stevenson	" "

Exhibit I.

601

Third. That said corporation and its principal office or place of business is to be located at No. 103 Hawthorne Street, in the town of Hartford in the State of Connecticut, and the agent or person in charge thereof on whom process against it may be served is Benjamin C. Perkins.

Fourth. That the nature of the business to be transacted, and the purposes to be promoted or carried out, by said corporation, are as follows:

(a) To manufacture, buy, sell and deal in goods, wares, merchandise, appliances, devices, tools and implements of every and any nature, kind or description whatever; 602

(b) To buy or otherwise acquire, use and deal in letters patent and patent rights of the United States and foreign countries relating to such appliances, devices, tools or implements or processes for the manufacture thereof;

(c) To buy or otherwise acquire, use and deal in, so far as by law permitted, trademarks and trade labels granted by the United States of America and by foreign countries, relating to the businesses conducted by the corporation.

603

(d) To subscribe for, purchase or otherwise acquire, hold, sell, exchange, assign, transfer, pledge or otherwise dispose of shares of the capital stock, bonds, debentures, obligations or securities of any kind of any public or private corporation or of any state or territory or of the United States or of any foreign country, and while the owner thereof to exercise and enjoy all or any of the rights, privileges and benefits of ownership including the right to vote thereon and to receive and use for the pur-

604 *Exhibit I.*

poses of this corporation and/or to distribute in dividends the income from such shares, bonds, debentures, obligations or securities of any kind and the income of and/or gains from sales of such property; provided, however, that nothing in these articles shall give this corporation the power to sell or negotiate its own choses in action or to sell, guarantee or negotiate the choses in action of other persons or corporations as investments or as a business, or to do the business of an investment company as the same is defined in Chapter 71 of the
605 General Statutes of 1918, or in any act amending said Chapter or any section thereof.

Fifth. That the amount of the authorized capital stock of said consolidated or merged corporation shall be Seven Million, Eighty-three Thousand, Three Hundred Dollars ($7,083,300) divided into Three Hundred and Seventy-five Thousand (375,000) shares of common stock of the par value of Ten Dollars ($10) each, and Thirty-three Thousand, Three Hundred Thirty-three (33,333) shares of preferred stock of the par value of One Hundred Dollars ($100) each, the nature of the preference of the preferred stock being as follows:

606 The holders of said preferred shares shall be entitled to cumulative dividends out of the net profits or surplus of the company at the rate of six and one-half per cent. (6½%) per annum and no more, cumulative from October 1, 1928, payable quarterly on the first days of January, April, July and October of each year, beginning January 1, 1929, before any dividend shall be set aside or paid on the common stock, and to priority in payment of principal out of the assets of the company over the comman stock for the full face value of said preferred

607

shares plus a premium over par of Eight Dollars ($8) per share, together with all unpaid or accrued dividends due thereon in case of liquidation or dissolution of the corporation whether voluntary or involuntary.

Consent of holders of at least seventy-five per cent. (75%) of preferred stock at the time issued and outstanding must be obtained by vote of the holders thereof (a) before the corporation can issue bonds, notes or other obligations except for debts incurred in the ordinary course of business maturing not later than one (1) year from date thereof and except purchase money mortgages on 608
hereafter acquired property; and (b) before the corporation can issue additional stocks having rights as to assets and dividends equal or prior to this issue of preferred stock.

Except as stated above and as provided by statute, holders of preferred stock shall have no voting power unless default exists in the payment of six quarterly dividends on such preferred stock, in which event and so long as any default shall continue, holders of preferred shares issued and outstanding shall be entitled to elect a majority of the Board of Directors.

Holders of preferred stock shall have no right 609
to participate in any subsequent stock increase of the company and in case of its liquidation or dissolution, voluntary or involuntary, shall have no right to participate in the distribution of its assets beyond par plus eight dollars ($8) a share premium of its stock and unpaid and accrued dividends.

No dividends on common stock shall be declared or paid if the corporation is in arrears with respect to dividends on its preferred stock and/or in carrying out the provisions of its preferred stock sinking

fund hereinafter set forth. No dividends may be declared or paid on common stock out of surplus earnings except such surplus earnings as are made subsequent to October 1, 1927, by the consolidated and/or consolidating corporations. No dividends shall be declared or paid on common stock over Three Hundred Thousand Dollars ($300,000) per year if and so long as the net tangible assets of the corporation fall below the book value of Two Hundred Dollars (200) per share of the aggregate preferred stock outstanding. Current assets of the corporation may in no event be reduced either through the declaration or payment of common stock dividends or through conversion of current assets into fixed assets below Two Million ($2,200,000) while the entire issue of this preferred stock, viz Three Million, Three Hundred Thirty-three Thousand, Three Hundred Dollars ($3,333,300) is issued and outstanding. But as such issue is redeemed and retired, such requirement shall be limited to the obligation of the corporation to maintain its current assets to the value of at least three-fifths (3/5) of the par value of the outstanding preferred stock.

A sinking fund for the redemption and retirement of preferred stock by redemption or purchase shall be created out of the annual net profits of the corporation remaining after deducting therefrom all taxes assessed against it and any accrued and unpaid dividends on its preferred stock. For that purpose there shall be credited to an account, to be established by the corporation and to be called the Preferred Stock Sinking Fund Account (provided that the corporation is not in arrears in payment of preferred stock dividends), within sixty (60) days after the close of each and every calendar

Exhibit I.

613

year, beginning December 31, 1928, and annually thereafter, twenty per cent. (20%) of the net earnings of the company for the preceding year after deductions therefrom as aforesaid. Within ninety (90) days after the close of each calendar year the same shall be expended for the purchase and retirement of preferred stock outstanding, either by purchase in the open market, or, if the same cannot be so acquired for a sum not exceeding One Hundred Eight Dollars ($108) per share and accrued dividends, by exercising the right as above set forth to redeem said stock, on the next succeeding dividend date.

614

In case of redemption of said preferred stock as aforesaid, such part or portion so to be redeemed shall be determined by lot. If, within ninety (90) days after written notice to holders of preferred shares allotted for redemption as aforesaid, the same shall not be surrendered for redemption, all dividends otherwise accruing upon said preferred shares shall thereupon cease to accrue.

Said preferred stock sinking fund shall be placed in the hands of a committee for management and investment consisting of George H. Burt, Charles E. Chase, Robert B. Newell, Daniel J. Glazier and George S. Stevenson, of Hartford.

615

Preferred stock may be redeemed in whole or in part at the option of the corporation at any preferred dividend date at One Hundred Eight Dollars ($108) per share and unpaid and accrued dividends by lot and by notice to the holders thereof in accordance with the above provisions relative to the retirement and redemption of preferred stock through the application of the Preferred Stock Sinking Fund.

616 *Exhibit I.*

The corporation may purchase preferred stock either from itself (viz: the stock which may be acquired by it in the open market) or from any other stockholder, and such purchases made at any time may be credited to the quota or quotas of stock to be redeemed and retired through the application of the preferred stock sinking fund at the purchase price and dividends paid or accrued thereon when transferred to said sinking fund. Preferred stock purchased or redeemed through application of the sinking fund, however, shall be immediately retired
617 and shall not thereafter be re-issued, nor shall any preferred stock be issued in substitution therefor.

Sixth. That the amount of capital stock with which the consolidated or merged corporation shall commence business shall be Five Million, Two Hundred and Twenty-eight Thousand, Three Hundred Dollars ($5,228,300), divided into Two Hundred Thousand (200,000) shares of common stock of the par value of Ten Dollars ($10) each, and Thirty-two Thousand, Two Hundred and Eighty-three (32,283) shares of preferred stock of the par value of One Hundred Dollars ($100) each.

618 Seventh. That the duration of said corporation is unlimited.

Eighth. That the manner of converting the shares of the capital stock of each of the consolidating corporations into shares of the capital stock of the consolidated or merged corporation is as follows:

Whereas, at the date of this agreement The Arrow Electric Company has capital stock outstanding as follows:

Exhibit I.

Thirty Thousand (30,000) shares of common stock, of the par value of Twenty-five Dollars ($25) each, all of which is owned by The Arrow Manufacturing Company, a party to this agreement, and Eighteen Thousand Nine Hundred and Fifty (18,950) shares of preferred stock, of the par value of One Hundred Dollars ($100) each, held by the public; and

The Hart & Hegeman Manufacturing Company has capital stock outstanding as follows:

Twenty Thousand (20,000) shares of the common stock, of the par value of Twenty-five Dollars ($25) each, all of which is owned by The H. & H. Electric Company, a party to this agreement, and Thirteen Thousand Three Hundred and Thirty-three (13,333) shares of preferred stock, of the par value of One Hundred Dollars ($100) each, owned by the public; and

The Arrow Manufacturing Company has capital stock outstanding, as follows:

Two Hundred Thousand (200,000) shares of common stock of the par value of Five Dollars ($5) each, owned by the public; and

The H. & H. Electric Company has capital stock outstanding, as follows:

Two Hundred Thousand (200,000) shares common stock, of the par value of Five Dollars ($5) each, owned by the public, and

Whereas, the consolidated or merged corporation will, in lieu of the capital stock of the consolidating corporations outstanding as above stated, issued its capital stock as stated in the Sixth paragraph above,

622 *Exhibit I.*

Now, Therefore, the capital stock of the consolidated or merged corporation, consisting of Two Hundred Thousand (200,000) shares of common stock and Thirty-two Thousand, Two Hundred Eighty-three (32,283) shares of preferred stock, as provided in the preceding articles hereof, shall be issued in lieu of the capital stock of the four consolidating corporations, as follows:

Eighteen Thousand Nine Hundred and Fifty (18,950) shares of the preferred stock of the consolidated or merged corporation shall be issued in
623 lieu of the preferred capital stock of The Arrow-Electric Company.

Thirteen Thousand, Three Hundred and thirty-three (13,333) shares of the preferred capital stock of the consolidated or merged corporation shall be issued in lieu of the preferred capital stock of The Hart & Hegeman Manufacturing Company.

One Hundred Thousand (100,000) shares of the common capital stock of the consolidated or merged corporation shall be issued in lieu of the capital stock of The Arrow Manufacturing Company.

One Hundred Thousand (100,000) shares of the common capital stock of the consolidated or merged
624 corporation shall be issued in lieu of the capital stock of The H. & H. Electric Company.

No shares of the consolidated or merged corporation shall be issued in lieu of the common stock of The Arrow Electric Company, all of which is owned by The Arrow Manufacturing Company, a party to this agreement.

No shares of the consolidated or merged corporation shall be issued in lieu of the common stock of The Hart & Hegeman Manufacturing Company,

Exhibit I. 625

all of which is owned by The H. & H. Electric Company, a party to this agreement.

The manner of converting the shares of the capital stock of each of the consolidating corporations into shares of the capital stock of the consolidated or merged corporation shall be as follows:

When this agreement shall have been approved by the Secretary of State and the consolidation or merger shall have been effected, as herein provided, the respective holders of the preferred stock of The Arrow Electric Company will be entitled to receive one (1) share of the preferred stock of the consolidated or merged corporation for each one (1) share of preferred stock of The Arrow Electric Company held by them respectively upon consolidation; 626

And the respective holders of the preferred stock of The Hart & Hegeman Manufacturing Company will be entitled to receive one (1) share of the preferred stock of the consolidated or merged corporation for each one (1) share of the preferred stock of The Hart & Hegeman Manufacturing Company held by them respectively upon consolidation;

And the respective holders of the stock of The Arrow Manufacturing Company will be entitled to receive one-half (½) of one (1) share of the common stock of the consolidated or merged corporation for each one (1) share of the stock of The Arrow Manufacturing Company held by them respectively upon consolidation; 627

And the respective holders of the stock of The H. & H. Electric Company will be entitled to receive one-half (½) of one (1) share of the common stock of the consolidated or merged corporation for each one (1) share of the stock of The H.

628 *Exhibit I.*

& H. Electric Company held by them respectively upon consolidation.

Upon the approval and filing of this agreement the respective stockholders of the consolidating corporations shall become and be stockholders of the consolidated or merged corporation.

Certificates of stock of the consolidated or merged corporation in each instance will be issued only for full shares, but warrants will be issued for fractional shares, if any, remaining after the apportionment of full shares to each stockholder, or
629 remaining after combining several warrants into one or more full shares, which warrants will be transferable, and, when duly endorsed and combined so as to make one or more full shares, may be surrendered for certificates of stock of the consolidated or merged corporation for such number of shares as may be equal to the amount of such combined warrants. The holders of these warrants shall not be entitled to receive any dividends or interest thereon, or to vote thereon. The right to exchange these warrants for full shares of the consolidated or merged corporation shall expire at the end of sixty days from the date of the original issue
630 of such warrants, and after the expiration of said sixty days the shares of the stock of the consolidated or merged corporation remaining unissued because of the failure of the holders of such warrants to exercise such privilege of combination and conversion shall, after due notice, be sold by the directors to such persons and on such terms as they shall prescribe.

The consolidated or merged corporation may require each stockholder of each of the consolidating corporations to surrender his certificates of stock in

the consolidating corporations, and no stockholder, until such surrender of his certificates, shall be entitled to receive a certificate for shares of stock of the consolidated or merged corporation or to vote thereon, or to receive dividends declared thereon. 631

Ninth. The By-laws of The Arrow Electric Company, one of the consolidating corporations, shall be the by-laws of the consolidated or merged corporation until it shall, at a meeting duly called for the purpose, adopt a new set of by-laws.

Tenth. This agreement of consolidation or merger shall not be effective unless approved by two-thirds of all the outstanding stock of each class of each of the consolidating corporations and unless thereafter filed in the Office of the Secretary of State and approved by him, as required by law, and if so ratified and approved by the stockholders of each of the four consolidating corporations and so filed in the Office of the Secretary of State and approved by him, the agreement shall become effective at the close of business on the 31st day of December, 1928. 632

Eleventh. Until the Board of Directors of the consolidated or merged corporation shall order otherwise, the Hartford National Bank and Trust Company, of Hartford, Connecticut, shall be the transfer agent of the preferred stock of the consolidated or merged corporation, and the Phœnix State Bank and Trust Company, of Hartford, Connecticut, shall be the transfer agent of the common stock of the consolidated or merged corporation. 633

634 *Exhibit I.*

IN WITNESS WHEREOF, we have hereunto set our hands and attached the seals of the several corporations at Hartford, this 11th day of December, 1928.

EDWARD R. GRIER
DANIEL J. GLAZIER
BENJ. C. PERKINS
HARVEY C. POND
CHARLES A. TENEYCK
ARTHUR L. SHIPMAN
A Majority of the Directors of
(Seal) The Arrow Electric Company

635

SAMUEL P. WILLIAMS
GEO. H. BURT
ROBERT C. BUELL
CHARLES WELLES GROSS
J. R. COOK
A Majority of the Directors of
The Hart & Hegeman Manu-
(Seal) facturing Company

EDWARD R. GRIER
BENJ. C. PERKINS
HARVEY C. POND
636 A Majority of the Directors of
The Arrow Manufacturing
(Seal) Company

SAMUEL P. WILLIAMS
MONROE GUETT
J. R. COOK
A Majority of the Directors of
(Seal) The H. & H. Electric Company

Exhibit I.

637

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

HARTFORD, December 31, 1928.

I, E. Bosworth Grier, Assistant Secretary of The Arrow Electric Company, a corporation organized under the statute laws of the State of Connecticut hereby certify that the foregoing agreement was on the 31st day of December, 1928, submitted to the stockholders of said corporation at a meeting called for the purpose of considering the same, notice thereof having been given, and publication thereof 638
having been duly made, as required by law, and that two-thirds or more of all the outstanding stock of each class voted to approve such merger and consolidation.

E. BOSWORTH GRIER
Assistant Secretary of The Arrow
(Seal.) Electric Company

639

640 *Exhibit I.*

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

HARTFORD, December 31, 1928.

I, Robert C. Buell, Secretary of The Hart & Hegeman Manufacturing Company, a corporation organized under the statute laws of the State of Connecticut hereby certify that the foregoing agreement was on the 31st day of December, 1928, submitted to the stockholders of said corporation at a meeting called for the purpose of considering the
641 same, notice thereof having been given, and publication thereof having been duly made, as required by law, and that two-thirds or more of all the outstanding stock of each class voted to approve such merger and consolidation.

ROBERT C. BUELL
Secretary of The Hart & Hegeman
(Seal.) Manufacturing Company

642

Exhibit I.

643

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

HARTFORD, December 31, 1928.

I, Harvey C. Pond, Secretary of The Arrow Manufacturing Company, a corporation organized under the statute laws of the State of Connecticut hereby certify that the foregoing agreement was on the 31st day of December, 1928, submitted to the stockholders of said corporation at a meeting called for the purpose of considering the same, notice thereof having been given, and publication thereof having been duly made, as required by law, and that two-thirds or more of all the outstanding stock of each class voted to approve such merger and consolidation.

644

HARVEY C. POND
Secretary of The Arrow
Manufacturing Company

(Seal.)

645

646 *Exhibit I.*

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

HARTFORD, December 31, 1928.

I, John R. Cook, Secretary of The H. & H. Electric Company, a corporation organized under the statute laws of the State of Connecticut hereby certify that the foregoing agreement was on the 31st day of December, 1928, submitted to the stockholders of said corporation at a meeting called for the
647 purpose of considering the same, notice thereof having been given, and publication thereof having been duly made, as required by law, and that two-thirds or more of all the outstanding stock of each class voted to approve such merger and consolidation.

JOHN R. COOK
Secretary of The H. & H.
Electric Company

(Seal.)

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

648 Hartford, Ct. Dec. 31 1928.

Personally appeared E. Bosworth Grier, Assistant Secretary of The Arrow Electric Company, and made oath to the truth of the foregoing certificate by him signed, before me.

MAE J. LILLIE
Notary Public

Exhibit I. 649

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

Hartford, Ct. Dec. 31 1928.

Personally appeared Robert C. Buell, Secretary of The Hart & Hegeman Manufacturing Company, and made oath to the truth of the foregoing certificate by him, signed before me.

MAE J. LILLIE
Notary Public

650

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

Hartford, Ct. Dec. 31 1928.

Personally appeared Harvey C. Pond, Secretary of The Arrow Manufacturing Company, and made oath to the truth of the foregoing certificate by him signed, before me.

MAE J. LILLIE
Notary Public

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.:

651

Hartford, Ct. Dec. 31 1928.

Personally appeared John R. Cook, Secretary of The H. & H. Electric Company, and made oath to the truth of the foregoing certificate by him signed, before me.

L. G. STEVENSON
Notary Public

Approved Dec. 31, 1928
FRANCIS A. PALLOTTI, Secretary
By VICTOR DENEZZO.

652 **Exhibit J.**

Section 3520. SIMILAR CORPORATIONS MAY CONSOLIDATE. Any two or more corporations which are carrying on business of the same or similar nature may merge or consolidate into a single corporation.

Section 3521. DIRECTORS' AGREEMENT AS TO TERMS OF CONSOLIDATION. The directors of the several corporations proposing to merge or consolidate may enter into an agreement signed by them and under the corporate seals of the respective corporations, prescribing the terms and conditions of such
653 proposed consolidation and stating the name of the consolidated corporation, the number, names and places of residence of its first directors, the number of shares of its capital stock and the classes thereof and the amount or par value of each share thereof, and the manner of converting the shares of capital stock of each of the old corporations into shares of the capital stock of the consolidated corporation, together with such other provisions as are required to be set forth in an original certificate of incorporation and any other provisions necessary to carry such proposed consolidation into effect.

654 Section 3522. STOCKHOLDERS TO VOTE UPON CONSOLIDATION. Such agreement shall be submitted to the stockholders of each of such merging or consolidating corporations, separately, at a meeting thereof to be called for the purpose of considering the same, and twenty days' notice of the time, place and object of such meeting shall be mailed to the last known post office address of each of such stockholders, and such notice shall be published once in each week for three successive weeks in one or more newspapers of this state having a circulation in

the towns in which such corporations are respectively located. At such stockholders' meetings, if two-thirds of all the outstanding stock of each class shall vote to approve such merger or consolidation, the facts shall be certified upon such agreement by the secretaries of the respective corporations under the seals thereof, and such agreement so adopted and certified shall be filed in the office of the secretary of the state, who shall, if the same conforms to the provisions of this chapter, indorse the same "Approved," with his name and official title; and a copy of such agreement, certificate and approval, 656
duly certified by the secretary of the state under his hand and the seal of the state, shall be *prima facie* evidence of the facts set forth in such agreement and certificate and of the legal existence and organization of such consolidated corporation, and that it is duly authorized to exercise all of its corporate powers.

Section 3523. RIGHTS, DUTIES, AND LIABILITIES OF CONSOLIDATED CORPORATIONS. Upon the completion of such consolidation, the several corporations shall become a corporation by the name provided in such agreement, and shall possess all of the rights, privileges, powers and franchises of each of 657
the consolidating corporations; and all property, real, personal and mixed, and all debts due to them on whatever account, shall be vested in the consolidated corporation; and all rights of creditors and all liens upon the property of either of such consolidating corporations shall be preserved unimpaired, and the respective corporations shall continue in existence so far as may be necessary to preserve the same; and all debts, liabilities and duties of either of such consolidating corporations

658 *Exhibit J.*

shall thenceforth attach to the consolidated corporation, and may be enforced against it to the same extent as if they had been incurred or contracted by it. An amount of the stock of the consolidated corporation equivalent to the amount of the stock of the merged corporations on which a franchise tax has been paid shall be exempt from taxation under Section 61 of this chapter.

Section 3254. REMEDY OF AGGRIEVED STOCKHOLDER. Any stockholder in any corporation consolidating as aforesaid who, at the time of such consolidation, objected thereto in writing, may, within ten days after the agreement of consolidation has been filed for record in the office of the secretary of the state, demand in writing from the consolidated corporation payment for his stock; and such corporation shall, within three months thereafter, pay him the value of his stock at the date of such consolidation. In case of disagreement as to the value thereof, such value shall be ascertained by three disinterested persons to be chosen, one by the stockholder, one by the directors of the consolidated corporation and the third by the two thus selected, and, in case their award is not paid within sixty days from its date, it shall become a debt of such consolidated corporation and may be collected as such. On receiving payment of the amount awarded, such stockholder shall transfer his stock to the consolidated corporation, which shall dispose of it on the best terms obtainable.

659

660

Exhibit K.

661

January 11, 1929

To the Honorable Federal Trade Commission
Otis B. Johnson, Esq., Secretary
Washington, D. C.

Dear Sirs:

In the matter of Arrow-Hart & Hegeman, Inc.
Docket No. 1498

In response to the complaint issued by your Commission against the above company, and because 662
our hearing before the Board of Review and a subsequent conference with Honorable Robert E. Healey, Chief Counsel of your Commission, impressed us with the fact that the Commission inclined to apply a different rule or standard by which to test the legality of such a holding company than that which we had used, but without acknowledging that during its corporate existence Arrow-Hart & Hegeman, Incorporated had violated any law, the company by our advice has ceased and desisted from the alleged violation and has gone out of business.

The steps taken to accomplish this result have 663
been as follows:

The directors of said company at their meeting held November 30, 1928 voted to recommend to its stockholders the transfer of all its property, viz, all its holdings of common stock of The Arrow Electric Company to The Arrow Manufacturing Company, a Connecticut corporation, and all its holdings of The Hart & Hegeman Manufacturing Company to The H & H Electric Company, a Connecticut corporation. Such recommendations were

664 *Exhibit K.*

approved at a special meeting of the stockholders of Arrow-Hart & Hegeman, Incorporated, held on December 6, 1928, and the transfers were made. On December 10, 1928 the stockholders of Arrow-Hart & Hegeman, Incorporated, voted to terminate its corporate existence and a certificate to that effect in accordance with the statutes of Connecticut in such case made and provided was filed in the office of the Secretary of State. The result is that the corporation thereafter had no assets and no liabilities. You will appreciate that the method
665 by which the dissolution of Arrow-Hart & Hegeman, Incorporated and the distribution of its assets was accomplished was adopted to meet the income tax situation.

Thereafter and through proper action of the directors of The Arrow Electric Company, The Arrow Manufacturing Company, The Hart & Hegeman Manufacturing Company and The H & H Electric Company, confirmed by action of the stockholders of all said companies in accordance with the statute in such case made and provided, said corporations merged and consolidated on December 31, 1928 into one corporation the name of which
666 is The Arrow-Hart & Hegeman Electric Company. A certified copy of the agreement of consolidation and merger between such companies is inclosed herewith.

Very truly yours,

ARTHUR L. SHIPMAN
CHARLES WELLES GROSS
Counsel.

Substitute Order Appointing Examiner and Fixing Time and Place for Taking Testimony. 667

UNITED STATES OF AMERICA

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 28th day of April, A. D., 1931.

Commissioners—C. W. HUNT, *Chairman*, 668
WILLIAM E. HUMPHREY,
CHARLES H. MARCH,
EDGAR A. MCCULLOCH,
GARLAND S. FERGUSON, JR.

IN THE MATTER of ARROW-HART & HEGEMAN, INCORPORATED and THE ARROW-HART & HEGEMAN ELECTRIC COMPANY.	Docket No. 1498.

669

WHEREAS, on January 28, 1929, George McCorkle, an examiner of this Commission, was designated and appointed to take testimony and receive evidence in this proceeding, and whereas the said George McCorkle, by reason of assignment to other duties, will be unable to continue herein,

IT IS ORDERED that William C. Reeves, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other

670 *Substitute Order Appointing Examiner and Fixing Time and Place for Taking Testimony.*

duties authorized by law in the place and stead of the aforesaid George McCorkle.

IT IS FURTHER ORDERED that the taking of testimony in this proceeding begin on Monday, May 25, 1931, at 10:00 o'clock in the forenoon of that day, Eastern Standard Time, at the South Room, Second Floor, Old State House Building, Hartford, Connecticut.

671 Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondents. The examiner will then close the case and make his report.

By the Commission.

OTIS B. JOHNSON,
Secretary.

(Seal)

672

Motion to Dismiss. 673

UNITED STATES OF AMERICA

BEFORE FEDERAL TRADE COMMISSION

IN THE MATTER of ARROW HART & HEGEMAN, INC. and THE ARROW-HART & HEGEMAN ELECTRIC COMPANY.	Docket No. 1498.

The Arrow-Hart & Hegeman Electric Company, 674
cited into this proceeding by notice dated June 29, 1929 and hereinafter called the "new respondent", appearing specially for the purpose of filing this Motion, hereby moves that the complaint brought under date of March 3, 1928 against the corporation known during its existence as Arrow-Hart & Hegeman, Incorporated, hereinafter called the "old respondent", and the supplemental complaint brought under date of June 29, 1929, naming both the old respondent and the new respondent, be dismissed upon each of the following grounds:

1. The old respondent fully met the criticism of 675
the Federal Trade Commission as contained in the original complaint of March 3, 1928 in that it wholly ceased and desisted from controlling, through stock ownership or otherwise, the subsidiary corporations referred to in said original complaint long prior to the filing of the supplemental complaint.

2. Said old respondent did not use the stock of said subsidiary corporations by voting or by the granting of proxies or otherwise to bring about the

merger or consolidation of said subsidiary corporations (together with The Arrow Manufacturing Company and The H. & H. Electrical Company) into the new respondent.

3. Said old respondent on December 6, 1928 distributed all of its assets and on December 10, 1928 voted to terminate its corporate existence. Its preliminary certificate of dissolution was filed in the office of the Secretary of the State of Connecticut on December 10, 1928, at which time said certificate was approved by the Secretary of the State of Con-
677 necticut. Under date of January 11, 1929 counsel notified the Federal Trade Commission, without acknowledging that during its corporate existence the old respondent had violated any law, that the company had ceased and desisted from the alleged violation and had gone out of business and had voted to terminate its corporate existence, see Answer Exhibit K. On April 11, 1929 the final certificate of dissolution of the old respondent was filed in the office of the Secretary of State and approved by him, see Answer Exhibit D. Thereby the corporate existence of the old respondent was terminated.

678 4. From and after December 6, 1928, on which date the old respondent divested itself of all its assets, viz. shares of the common stock of The Hart & Hegeman Manufacturing Company and of The Arrow Electric Company, said two companies became and were independent corporations having separate and independent officers, directors and stockholders, with no restraint on competition between them. Said two companies were as independent and free from outside restraint and control as they were prior to the incorporation of the old respondent.

679

5. The new respondent, cited into this case on supplemental complaint dated June 29, 1929, was not in any way in law or in fact the legal successor of the old respondent and was incorporated and organized under the laws of the State of Connecticut on December 31, 1928 as a consolidation or merger of four companies, The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, The Arrow Manufacturing Company and The H. & H. Electric Company, and was in full business operation more than five months prior to the filing of said supplemental complaint. For copy of the agreement of consolidation or merger, resulting in the formation of the new respondent, with the approval of the State of Connecticut thereon, dated December 31, 1928 see Answer Exhibit D.

680

6. Said new respondent has never in any way violated any of the provisions of the Clayton Act, so-called.

WHEREFORE, the undersigned respectfully moves to dismiss both the original and the supplemental complaint as to the old respondent, and to dismiss the supplemental complaint as to the new respondent, for the foregoing reasons.

681

Dated at Hartford, this 11th day of October, 1929.

THE ARROW-HART & HEGEMAN
ELECTRIC COMPANY
By EDWARD R. GRIER
President
103 Hawthorne Street,
Hartford, Connecticut.

ARTHUR L. SHIPMAN,
CHARLES WELLES GROSS,
WALLACE W. BROWN,
Its Attorneys.

682 **Order Overruling Motion to Dismiss.**

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission held at its office in the City of Washington, D. C., on the 31st day of October, A. D., 1929.

Commissioners—EDGAR A. MCCULLOCH, *Chairman*,
GARLAND S. FERGUSON, JR.,
C. W. HUNT,
WILLIAM E. HUMPHREY,
CHARLES H. MARCH.

683

IN THE MATTER of ARROW-HART & HEGEMAN, INC. *et al.*	Docket No. 1498.

This matter coming before the Commission upon respondents' motion to dismiss and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED, That respondents' motion to dismiss be, and the same is hereby denied but
684 without prejudice to the renewal thereof at the final hearing of this proceeding before the Commission.

IT IS FURTHER ORDERED, That a copy hereof be served upon counsel for respondent corporations.

By order of the Commission.

OTIS B. JOHNSON,
Secretary.

(Seal)

Order Overruling Motion to Dismiss. 685

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission held at its office in the City of Washington, D. C., on the 15th day of December, 1930.

Commissioners—GARLAND S. FERGUSON, JR., *Chairman*,
C. W. HUNT,
WILLIAM E. HUMPHREY, 686
CHARLES H. MARCH,
EDGAR A. MCCULLOCH.

IN THE MATTER of ARROW-HART & HEGEMAN, INC. *et al.*	Docket 1498.

This matter coming on to be heard upon motion of respondents to dismiss and the Commission being 687
further informed by memoranda submitted by the Chief Counsel and being fully advised in the premises.

IT IS HEREBY ORDERED that the said motion to dismiss be and the same hereby is overruled without prejudice to the raising of the questions involved by respondents at the final hearing of this proceeding.

By the Commission,

OTIS B. JOHNSON,
Secretary.

688 **Findings as to the Facts and Conclusion.**

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission held at its office in the City of Washington, D. C., on the 6th day of July, A. D., 1932.

Commissioners—WILLIAM E. HUMPHREY, *Chairman*,

689 CHARLES H. MARCH,
EDGAR A. MCCULLOCH,
GARLAND S. FERGUSON, JR.,
C. W. HUNT.

IN THE MATTER of ARROW-HART & HEGEMAN, INC. and THE ARROW-HART & HEGEMAN ELECTRIC COMPANY.	Docket 1498.

690 Pursuant to the provisions of an Act of Congress, approved October 15, 1914, entitled, "An Act To supplement existing laws against unlawful restraints and monopolies, and for other purposes", (the Clayton Act), the Federal Trade Commission issued and served its original complaint upon Arrow-Hart & Hegeman, Inc., and issued its supplemental complaint against the said Arrow-Hart & Hegeman, Inc., and The Arrow-Hart & Hegeman Electric Company, respondents herein, charging them with violating Section 7 of said Act.

691

The said respondent, Arrow-Hart & Hegeman, Inc., entered its appearance and filed its answer to the said original complaint and the said respondent, The Arrow-Hart & Hegeman Electric Company, entered its appearance and filed its answer to the said supplemental complaint, hearings were had before an Examiner of the Commission theretofore duly appointed: testimony and evidence was offered and received in support of the charges of the said complaints, and testimony and evidence was offered and received in defense of the matters charged in the said complaints, all of which said testimony was reduced to writing and filed in the office of the Commission; and thereafter, the proceeding came on for final hearing on the record, briefs and oral arguments of counsel; and the Commission being fully advised in the premises, now makes this its report and states its findings as to the facts and its conclusion drawn therefrom, as follows:

692

Findings As To the Facts.

Paragraph One: Respondent Arrow-Hart & Hegeman, Inc., hereinafter referred to as the original respondent, was organized on or about October 6, 1927, under the laws of the State of Connecticut, with an authorized capital stock of two million dollars ($2,000,000), consisting of 200,000 shares of common stock having a par value of ten dollars ($10) per share, and with its principal business office in the City of Hartford and State of Connecticut.

693

On or about October 10, 1927, said original respondent acquired all of the outstanding common or voting stocks of the Hart & Hegeman Manufacturing Company, a Connecticut corporation, and

694 *Findings as to the Facts and Conclusion.*

of the Arrow Electric Company, also a Connecticut corporation, and continued to hold said common or voting stocks until on or about December 6, 1928, on or about which date said common or voting stocks were transferred to holding companies organized by said original respondent as hereinafter set forth in Paragraph Five hereof.

PARAGRAPH TWO: The said Hart & Hegeman Manufacturing Company was, at the time its common stock was acquired by the said original re-
695 spondent, as set forth in Paragraph One hereof, a corporation under the laws of the State of Connecticut, with its principal place of business located in the City of Hartford, in said State. Since its organization in 1891, the said Hart & Hegeman Manufacturing Company had been engaged in the manufacture and sale of electrical wiring devices, including particularly electric snap switches and wall plates. In 1914 it began to sell as exclusive selling agent, the Paiste line of electrical wiring devices consisting of sockets, receptacles and porcelain cut-outs, attachments plugs and other similar devices, manufactured by H. T. Paiste Company,
696 a Pennsylvania corporation located at Philadelphia, in said State. Between 1914 and 1927 the said Hart & Hageman Manufacturing Company acquired all the outstanding common stock of the said H. T. Paiste Company and in October, 1927, operated the latter mentioned company as a subsidiary corporation in the manufacture of a part of its line of electrical wiring devices.

In 1926 the said Hart & Hegeman Manufacturing Company acquired, and in October, 1927 owned, all the capital stock of the Electric Porcelain and Manufacturing Company of Trenton, New Jersey,

which for a number of years prior thereto had been engaged in the manufacture of porcelain parts which it furnished to the said Hart & Hegeman Manufacturing Company or its subsidiary, the said H. T. Paiste Company, for use as raw material in the manufacture of electrical wiring devices.

In October, 1927, the said Hart & Hegeman Manufacturing Company was engaged in the sale and distribution of a full line of electrical wiring devices which it sold to electrical jobbers and other customers located in the various States of the United States, causing said products, when sold 698
to be transported from the state of manufacture to the purchasers thereof located in other states.

About the year 1909, one Shiras Morris acquired more than a majority of the common stock of the said Hart & Hegeman Manufacturing Company, became its President and Treasurer, and continued as such until his death on February 2, 1927, when he was succeeded as President and Treasurer by one Samuel P. Williams, who had been associated with the said Hart & Hegeman Manufacturing Company since 1918, in various capacities, including sales manager, secretary and assistant treasurer. At the time of the death of Mr. Shiras Morris, the 699
outstanding capitalization of the said Hart & Hegeman Manufacturing Company was $200,000 in common stock and $300,000 in preferred stock.

Although said Mr. Shiras Morris, during his lifetime had contemplated a merger between the said Hart & Hegeman Manufacturing Company and the said Arrow Electric Company, negotiations were not entered into until after his death, in June, 1927, discussions were had between the said Samuel P. Williams, representing the said Hart & Hegeman Manufacturing Company, and one Edward R. Grier,

700 *Findings as to the Facts and Conclusion.*

President of the said Arrow Electric Company, and on August 6, 1927, an agreement was entered into between the stockholders of the said Hart & Hegeman Manufacturing Company and the stockholders of the said Arrow Electric Company which provided for the readjustment of the capital structure of the two corporations involved as a preliminary step to the organization of the said original respondent. Pursuant to this agreement, the said Hart & Hegeman Manufacturing Company, prior to October 6, 1927, increased its outstanding common stock
701 from $200,000 to $500,000, and the preferred stock was increased from $300,000 to $1,333,000, the par value of the common stock being $25 per share and the preferred stock $100 per share. The estimated value of the assets of the said Hart & Hegeman Manufacturing Company on or about October 6, 1927, was $3,500,000. The holders of the new preferred stock of the said Hart & Hegeman Manufacturing Company had no voting power except in the event the preferred dividends were not paid for six successive quarters, in which event and so long as any default should continue, the holders of preferred shares issued and outstanding were intitled
702 to elect a majority of the Board of Directors. There is no evidence in the record that the said preferred dividends were not paid or that the said preferred stockholders ever were entitled to elect a majority of the said Board of Directors.

On October 10, 1927, the said original respondent acquired all of the outstanding common or voting stock of the Hart & Hegeman Manufacturing Company (20,000 shares), by exchanging for the same 80,000 shares of the capital stock of the said original respondent.

PARAGRAPH THREE: The said Arrow Electric Company was organized under the laws of the State of Connecticut with its principal place of business located at Hartford, in said State, and at the time its common stock was acquired by the said original respondent, in October, 1927, as set forth in Paragraph One herein, owned, and operated a plant at Hartford where it manufactured a general line of electrical wiring devices, including sockets, receptacles, attachment plugs, heater plugs, switches, wall plates, rosette shade holders and small accessories, and also owned all the common stock of the 704
Washington Porcelain Company, a New Jersey corporation located at Washington, New Jersey, and engaged in the manufacture of porcelain parts for electrical wiring devices which it for a number of years had sold to the Arrow Electric Company. It sold said products to electrical jobbers and other customers located in the various States of the United States, causing said products, when sold, to be transported from the state of manufacture to the purchasers thereof located in other states.

At the time the original respondent acquired the common stock of the said Arrow Electric Company in October, 1927, the latter mentioned company was 705
capitalized at $750,000 common stock, par value $25 per share, and $2,000,000 preferred stock at $100 per share, the preferred stock having been issued during 1927. The holders of preferred stock had no voting power except in the event the preferred dividends were not paid for six successive quarters, in which event and so long as any default should continue, the holders of preferred shares issued and outstanding were entitled to elect a majority of the Board of Directors. There is no evidence in the record that the said preferred divi-

706 *Findings as to the Facts and Conclusion.*

dends were not paid or that the said preferred stockholders ever were entitled to elect a majority of the said Board of Directors.

Said original respondent, on October 10, 1927, acquired all of the outstanding common or voting stock of the said Arrow Electric Company (30,000 shares), by exchanging 120,000 shares of the common stock of the said original respondent for the said 30,000 shares of common stock of the said Arrow Electric Company.

707 PARAGRAPH FOUR: At the time the said original respondent acquired the capital stocks of the said Arrow Electric Company and the said Hart & Hegeman Manufacturing Company, these said companies were in direct and substantial competition with each other in the manufacture, sale and distribution in interstate commerce of a full line of electrical wiring devices usually described in the trade as "shelf goods", the same being wiring devices ordinarily stocked and distributed by electrical supply distributors or jobbers. Generally speaking, this material is of a standard type, packed in suitable units for resale, and described in cata-
708 logues under various schedule numbers. For instance, both companies listed in the catalogues which they distributed to the trade under schedule "B", all electrical sockets and socket bases and receptacles of all kinds which are threaded for the reception of a lamp. Under schedule "S" they both listed all the "quick" make-and-break switches. Under schedule "H" they listed all plates and miscellaneous flush receptacles, signal devices, warning lights, radio receptacles, shade holders, knife switches and rosettes. Under schedule "P" they listed such standard items as convenient outlets,

attachment plugs and caps, service bases, cord connecters, etc., and under schedule "Y" they listed miscellaneous devices not included in the other schedules.

During and prior to the year 1926 and that portion of 1927 prior to October, both the Arrow Electric Company and the Hart & Hegeman Manufacturing Company sold their said products to the same class of trade, that is, electrical and hardware jobbers and large users, such as manufacturing plants, throughout the United States and in foreign countries, both companies maintaining branches, 710
sales offices, or commission men, located for convenience in making distribution, as follows: Boston, Massachusetts, for the New England territory, including the New England States; New York City, New York, for the New York territory, including the States of New York, New Jersey, Pennsylvania, Delaware and the Northern part of West Virginia; Baltimore, Maryland, for the territory including Maryland, District of Columbia, Virginia, North Carolina, South Carolina, Georgia and Florida; Chicago, Illinois, including the territory from the Rocky and Sierra Nevada Mountains on the West, to the territory already described on the East; San 711
Francisco, California, for the Pacific Coast territory, including the States of Washington, Oregon and California. Both companies traveled salesmen from these branch offices who acted chiefly as "missionary men", calling upon the consumers or users of electrical wiring devices, seeking to interest them in the respective Arrow and Hart & Hegeman products. A comparison of the sales of the two companies for the year 1926 through the branch offices named, is set forth below:

712 *Findings as to the Facts and Conclusion.*

Cities	*Arrow Electric Co.*	*Hart & Hegeman Mfg. Co.*
Boston	$ 483,933	$ 315,911
New York	1,107,680	1,010,373
Baltimore	240,517	144,163
Chicago	1,524,220	1,368,941
San Francisco	462,989	169,254

The approximate total of domestic sales for the year 1926, for the Arrow Electric Company, was $3,825,000 and for the Hart & Hegeman Manufacturing Company, $3,145,000. The approximate
713 total sales of the two companies for that year, including export and miscellaneous business, were: Arrow Electric Co. $4,000,000 Hart & Hegeman Manufacturing Company, $4,150,000.

At the time the said original respondent acquired the capital stocks of the said Hart & Hegeman Manufacturing Company and the said Arrow Electric Company, at least fifty-nine per cent (59%) of the volume of the sales of the said Hart & Hegeman Manufacturing Company consisted of electrical wiring devices generally known in the trade as "shelf goods" hereinbefore described, of similar
714 quality which were sold in direct and active competition, with the entire output of the said Arrow Electric Company to the same class of trade in the same territory at approximately the same prices and were used for the same purposes by the ultimate purchasers thereof; the remaining forty-one per cent (41%) of the sales of the said Hart & Hegeman Manufacturing Company consisted principally of electrical switches and other devices manufactured to the order of customers for use in appliances requiring such devices, such as vacuum cleaners, radios, electric irons, et cetera,

715

a market where the said Arrow Electric Company did not actively compete with the said Hart & Hegeman Manufacturing Company except on a limited number of items such as heater switches. Approximately twenty-five to thirty per cent (25-30%) of the customers of the said Hart & Hegeman Manufacturing Company and the said Arrow Electric Company, at that time, and for a number of years prior thereto, were joint or common customers, sales of similar items bearing their respective trade marks being made to such customers by both companies.

716

PARAGRAPH FIVE: The Federal Trade Commission, on March 3, 1928, issued its original complaint in this proceeding against Arrow-Hart & Hegeman, Inc., hereinbefore described as the original respondent, charging said original respondent with violation of Section 7 of the Clayton Act in the acquisition of the capital stock of the said Arrow Electric Company and the Hart & Hegeman Manufacturing Company. On September 7, 1928, said original respondent filed its answer to the charges of the Commission's complaint. On November 10, 1928, the directors of the original respondent voted to recommend to the stockholders that the said original respondent be dissolved and its assets, consisting of shares of common stock of the said Arrow Electric Company and of the Hart & Hegeman Manufacturing Company, be distributed to its stockholders; and on the same day issued a notice to the stockholders of the original respondent, reading in part as follows:

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"The dissolution of Arrow-Hart & Hegeman, Inc., and the distribution of its assets among

its stockholders have been recommended by counsel to meet the recent criticism of the Federal Trade Commission of the organization of our company and its control of the two companies, The Arrow Electric Company and The Hart & Hegeman Manufacturing Company, through stock ownership.

"The directors of Arrow-Hart & Hegeman, Inc. have, therefore, voted to recommend its dissolution and the distribution of its assets among its stockholders in kind. Enclosed is

719 formal notice of meeting of stockholders to confirm such action. The entire assets of the corporation are shares of the common stock of the Arrow Electric Company and of The Hart & Hegeman Manufacturing Company. It is expected that distribution will be made of these shares in kind so that each stockholder shall receive shares of the common stock of either one or both of said companies.

"Enclosed we hand you proxy and consent which concerns the dissolution of Arrow-Hart & Hegeman, Inc. and the distribution of its assets among you as stockholders.

720 * * * * * * *

"As a three-fourths vote of the stock of this company is required to carry out this plan, please sign and return this consent and proxy to the Phoenix State Bank & Trust Company, Trust Department, Hartford Connecticut, as soon as possible, for which a reply envelope is enclosed.

"We believe that upon distribution of this company's assets the directors of The Arrow Electric Company and of The Hart & Hegeman

Manufacturing Company will propose to the stockholders of each company an agreement of consolidation of these two companies. Further details will be sent you upon the conclusion of the liquidation of Arrow-Hart & Hegeman, Inc. for your approval.

"Much progress has been made in efficiency and economy through the organization of your company and more, we are confident, can be accomplished by actual merger and consolidation of the two companies, viz: The Arrow Electric Company and The Hart & Hegeman 722 Manufacturing Company."

On or about November 30, 1928, the Board of Directors of the said original respondent were advised by counsel that a distribution of its assets to the stockholders of the said original respondent might involve them in a claim by the United States Treasury Department of a profit taxable to them, and, upon advice of counsel, the original plan of dissolution as voted on November 10, 1928, by the said Board of Directors was amended. On or about November 30, 1928, at a special meeting, the Board of Directors of the said original respondent recommended to the stockholders of the said original respondent a general plan under which the said original respondent would transfer all its shares of the common stock of the said Hart & Hegeman Manufacturing Company to a new corporation, organized under the laws of the State of Connecticut, known as the H. & H. Electric Company, and said original respondent would transfer all its shares of the common stock of the said Arrow Electric Company to a new corporation organized under the laws of the State of Connecticut, to be known 723

724 *Findings as to the Facts and Conclusion.*

as The Arrow Manufacturing Company, in exchange for the issue by each of these new companies of all their shares of common stock to the stockholders of the original respondent, with the further recommendation that after such steps had been taken the said original respondent would be dissolved and the four remaining corporations named would merge under the laws of the State of Connecticut.

On November 30, 1928, pursuant to said plan, the said original respondent caused said The H. & H. Electric Company and The Arrow Manufacturing Company to be organized under the laws of the State of Connecticut.

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Notice was given to the stockholders of the said original respondent on December 1, 1928, containing the said recommendation of the said Board of Directors and calling for a special meeting of the stockholders of said original respondent for December 6, 1928. Said letter was as follows:

"ARROW-HART & HEGEMAN, INCORPORATED.
Hartford, December 1, 1928.

To the Stockholders of Arrow-Hart & Hegeman, Incorporated:

726

OUTLINE OF PLAN OF REORGANIZATION

Supplementing our circular letter to you, dated November 10, 1928, we now outline to you more fully the steps in the plan of reorganization involving this company, The Arrow Electric Company and The Hart & Hegeman Manufacturing Company, indicating, subject to change, the various steps which shall be taken to consummate such plan of reorganization.

It is proposed that

(a) By vote of its stockholders Arrow-Hart & Hegeman, Incorporated, will transfer to a new Arrow Company all the shares of the common stock of The Arrow Electric Company in exchange for all the shares of the New Arrow Company which will be issued either to this company or directly to you as its stockholders in proportion to your present holdings of the stock of this company. Likewise, Arrow-Hart & Hegeman, Incorporated will transfer to a new Hart & Hegeman company all the shares 728 of the common stock of the Hart & Hegeman Manufacturing Company in exchange for all the shares of the new Hart & Hegeman company which will be issued either to this company or directly to you as its stockholders in proportion to your present holdings of the stock of this company. When this stock of the new companies has been issued, the entire value of your present holdings will be represented by the new stock. There will, therefore, be no necessity for you to surrender the certificates of stock which you now hold in Arrow-Hart & Hegeman, Incorporated. 729

To authorize this first step in the plan of reorganization a special stockholders' meeting of Arrow-Hart & Hegeman, Incorporated will be held on December 6, 1928, of which a formal notice is enclosed herewith, with a form of proxy running to the same six gentlemen who are your proxies for the meeting called for December 10th, which you will kindly execute and return promptly in the enclosed envelope.

730 *Findings as to the Facts and Conclusion.*

(b) That when such exchange of shares in conformity to the plan or reorganization, made necessary to meet the criticism of the Federal Trade Commission, as indicated in our former letter and notice, has been consummated there will be no further reason for the continued corporate existence of Arrow-Hart & Hegeman, Incorporated, and therefore, at a meeting called for December 10, 1928, or at an adjournment thereof, it is anticipated that that corporation will be dissolved.

731 (c) That immediately thereafter a merger or consolidation of the four corporations then in existence, namely, The Arrow Electric Company, The Hart & Hegeman Manufacturing Company, the new Arrow company and the new Hart & Hegeman company, will be submitted to the stockholders for approval. It is hoped that if adopted this merger or consolidation will be effective at the close of business on December 31, 1928.

These separate steps, as a part of one plan of reorganization, in the opinion of counsel, are desirable not only to meet the criticism of the
732 Federal Trade Commission but also to bring the reorganization unquestionably within the provisions of the Revenue Act of 1928 in such a way that the exchange of shares will involve no tax to any stockholder. Your officers and counsel have conferred upon this point with Colonel Robert H. Montgomery, of New York, the well known authority on income tax law and procedure, and it is his opinion that this plan of reorganization under the provisions of the Revenue Act involves no taxable gain to the stockholders.

733

As above stated, it is essential that we have your prompt cooperation to effect these corporate steps. A two-thirds vote of all the stock is necessary for the meeting called for December 6th. A form of proxy is enclosed, which will authorize the gentlemen named therein to act for you in support of such a plan of reorganization above outlined and as the same may be modified with their approval. The proxy will also authorize those gentlemen to receive on your behalf the stock in the new Arrow company and in the new Hart & Hegeman company and to surrender that stock on your behalf in exchange for shares of the merged or consolidated corporation which it is expected will be organized before the close of the year. The proxy also gives them the right to execute any instruments and do any acts, sign any waivers, or take any other steps which may be necessary or advisable in their opinion to accomplish such reorganization in the best and most expeditious manner.

734

At a meeting of your directors, held November 30, 1928, it was voted to close the stock transfer books of this company from November 30, 1928, until after the adjournment of the meeting called for December 10, 1928.

735

Yours very truly,

EDWARD R. GRIER,
President.

SAMUEL P. WILLIAMS,
Vice-President."

On December 6, 1928, at a special meeting, the stockholders of the said original respondent adopted

the general plan described in the foregoing letter as recommended by the Board of Directors, and authorized the transfer of all the shares of stock held by it in the said Arrow Electric Company to said The Arrow Manufacturing Company, and authorized the transfer of all the shares of stock held by it in the said Hart & Hegeman Manufacturing Company to said The H. & H. Electric Company, and also authorized the new corporation which should result from the proposed merger to take the name of "The Arrow-Hart & Hegeman Electric
737 Company", or some similar name, said corporate action being taken as the result of a voting of proxies which had been signed by the stockholders of the said original respondent. Said The Arrow-Hart & Hegeman Electric Company is hereinafter referred to as the new respondent.

On December 6, 1928, said original respondent, Arrow-Hart & Hegeman, Inc., transferred to the new holding company, said The Arrow Manufacturing Company, all the shares of the common stock of the said Arrow Electric Company, consisting of 30,000 shares common stock, of the par value of $25 per share, in exchange for all the shares of stock
738 of said The Arrow Manufacturing Company, consisting of 200,000 shares of the par value of $5 per share, and the said original respondent, on the same date, transferred to the new holding company, said The H. & H. Electric Company, all the shares of the common stock of the said Hart & Hegeman Manufacturing Company, consisting of 20,000 shares of the par value of $25 per share, in exchange for all the capital stock of said The H. & H. Electric Company, consisting of 200,000 shares of the par value of $5 per share, and on the same date said The Arrow Manufacturing Company and said The H. &

739

H. Electric Company issued all of their respective capital stocks to the stockholders of the said original respondent.

On December 10, 1928, at a special meeting, the stockholders of the said original respondent voted to confirm the action of the directors to terminate the corporate existence of the said original respondent, and, thereupon, a majority of the directors of the said original respondent signed a preliminary certificate of dissolution of the said original respondent, dated December 10, 1928, and filed said certificate in the office of the Secretary of State of 740
the State of Connecticut on said date, and caused notice of such dissolution to be advertised as required by law.

On April 11, 1929, a majority of the directors of the said original respondent executed and filed in the office of the Secretary of State of the State of Connecticut, a certificate showing that they had completed their duties as trustees in liquidation, and said certificate was examined and approved by the said Secretary of State on said date.

On December 31, 1928, the general plan approved by the stockholders of the said original respondent on December 6, 1928, was carried out, and at suc- 741
cessive hours the stockholders of the two original operating companies, the Arrow Electric Company and the Hart & Hegeman Manufacturing Company, and the stockholders of the two new holding companies, The H. & H. Electric Company and The Arrow Manufacturing Company, who were actually the stockholders of the original respondent, acted favorably upon the merger and consolidation agreement under the laws of the State of Connecticut, which had been approved by the stockholders of the said original respondent on December 6, 1928. On

742 *Findings as to the Facts and Conclusion.*

December 31, 1928, immediately effective, the Secretary of State of the State of Connecticut approved the merger and consolidation of the four corporations and there came into being the said new respondent, The Arrow Hart & Hegeman Electric Company.

The authorized capital stock of the said new respondent was $5,228,300, divided into 200,000 shares common stock of the par value of $10 each and 32,283 shares of preferred stock of the par value of $100 each; and pursuant to the said consolidation
743 agreement, said new respondent, on the date of its organization, issued 18,950 shares of its preferred stock in lieu of the preferred capital stock of the said Arrow Electric Company (18,950 shares); 13,333 shares of its preferred capital stock in lieu of the preferred capital stock of the said Hart & Hegeman Manufacturing Company (13,333 shares); 100,000 shares of its common capital stock in lieu of the capital stock of said The Arrow Manufacturing Company (the new company organized by the Board of Directors of said original respondent on November 30, 1928 to hold the capital stock of the Arrow Electric Company), and 100,000 shares of
744 its common capital stock of the H. & H. Electric Company (the new company organized by the Board of Directors of said original respondent on November 30, 1928, to hold the capital stock of the said Hart & Hegeman Manufacturing Company).

As the said consolidation agreement was actually carried out by the parties thereto, the common stock holders of the original respondent never obtained possession of the shares of common stock of said The Arrow Manufacturing Company and The H. & H. Electric Company, the two corporations organized by the Board of Directors of the original re-

spondent to hold the stock of the said Arrow Electric Company and Hart & Hegeman Manufacturing Company; but the stockholders of the said original respondent were required to and did submit their certificates of common stock to the Phoenix State Bank & Trust Company, Hartford, Connecticut, transfer agent, which said certificates were stamped as follows:

"THIS CERTIFIES

That the holder hereof has assented to the Plan of Reorganization adopted by the stockholders; and that under such Plan Arrow-Hart & Hegeman, Incorporated, has distributed all its assets and voted to terminate its corporate existence, and there has been issued to the holder hereof a certificate for the same number of shares of The Arrow-Hart & Hegeman Electric Company, in full settlement of all his rights under such Plan. 746

ARROW-HART & HEGEMAN, INCORPORATED,
S. P. WILLIAMS, *Treasurer*"

and the holders of such certificates received certificates for a like number of shares in the new respondent. 747

As a result of the merger of the operating companies, said Arrow Electric Company and Hart & Hegeman Manufacturing Company, and of the said two new holding companies, said The H. & H. Electric Company and The Arrow Manufacturing Company, the new respondent became the owner of all the assets of the merging corporations, and particularly the assets of said The H. & H. Electric Company and The Arrow Manufacturing Company,

748 *Findings as to the Facts and Conclusion.*

which consisted of the capital stock of the two said operating companies, the said Arrow Electric Company and Hart & Hegeman Manufacturing Company.

On December 31, 1928, the holders of the common stock of the new respondent were identically the same as the holders of the common stock of the said original respondent on November 30, 1928.

On January 1, 1929, the first meeting of the Board of Directors of the new respondent, The Arrow-Hart & Hegeman Electric Company, was
749 held. The said directors were the directors of the said original respondent before the merger, and were named in the said consolidation agreement as the directors of the new respondent upon its organization. The said meeting was called by Messrs. Edward R. Grier and Samuel P. Williams, President and Vice-President, respectively, of the said original respondent. At this first meeting of the Board of Directors, of the new respondent, Edward R. Grier and Samuel P. Williams were elected President and Vice President, respectively, of the new respondent, and certain other business was transacted, including the declaration of a dividend
750 paid out of the earnings of the said two operating companies, the Arrow Electric Company and the Hart & Hegeman Manufacturing Company, while subsidiaries of the said original respondent, and payable on or after January 15, 1929, to stockholders of the said new respondent when and as they converted their shares of stock of the consolidating corporations into common stock of the said new corporation and evidenced their consent to the plan under which said consolidation had been effected.

The first meeting of the stockholders of the said new respondent was held on January 28, 1929, it having been called by the newly chosen President, the said Edward R. Grier. At this meeting a set of by-laws was adopted and a financial report showing the condition of the new respondent as of January 1, 1929, was read and later submitted to the stockholders of the said new corporation. This report, which served as the basis for the future operations of the new respondent, contained a statement of the combined profit and loss and surplus accounts of the said Arrow Electric Company and the said Hart 752
& Hegeman Manufacturing Company for the year 1928, and disclosed a net income for the year of $1,253,252.85, which was reduced as of January 1, 1929, by increase in outstanding common stock arising from recapitalization prior to the formation of the new respondent, to $2,710,625.28.

The Federal Trade Commission, on June 29, 1929, issued its supplemental complaint including the new respondent as a joint respondent, and alleging that since the issuance of the original complaint the said original respondent had formed the said new respondent by the consolidation of the two formerly competing corporations with two holding 753
companies which it had organized, and all of the stocks, franchises, property and assets of the former competing companies had been transferred to the said new respondent.

The said new respondent, in its answer to the Commission's supplemental complaint, filed October 14, 1928, denied the allegations in so far as they alleged that the original respondent organized the new respondent, affirmatively alleging in defense that the said original respondent was not in any way a party to the merger and consolidation resulting in the said new respondent.

754 *Findings as to the Facts and Conclusion.*

PARAGRAPH SIX: At a special meeting of the Board of Directors of the said original respondent held on January 5, 1928, Messrs. Edward R. Grier and Samuel P. Williams, President and Vice-President, respectively, were authorized to vote all of the shares of stock of the two operating companies, namely, Hart & Hegeman Manufacturing Company and Arrow Electric Company, respectively, for a period of five years. During the year 1928 there was an interchange of employees between the said two operating companies, and certain statistical production and engineering experts of one organization
755 performed services for the other organization without additional compensation. Also, the Arrow Electric Company purchased some of the assets of the H. T. Paiste Company from the Hart & Hegeman Manufacturing Company and took over the business of manufacturing porcelain parts for the said Hart & Hegeman Manufacturing Company, which said business was discontinued by the said H. T. Paiste Company. Also, the said Hart & Hegeman Manufacturing Company manufactured plates for the said Arrow Electric Company, and the said Arrow Electric Company manufactured certain screws and parts for the said Hart & Hegeman
756 Manufacturing Company. The plant of the Electric Porcelain Manufacturing Company, which corporation was owned by said Hart & Hegeman Manufacturing Company, was closed and its machinery and equipment were transferred to the Washington Porcelain Company, a subsidiary of the said Arrow Electric Company.

At the beginning of the year 1929 the said new respondent continued the business of the manufacture and sale of electrical wiring devices which had been theretofore conducted by the said operating companies, Hart & Hegeman Manufacturing Com-

pany and Arrow Electric Company, operating the manufacturing plants of both companies as one unit, but maintaining separate sales divisions, through which it distributed its two recognized brands of electrical wiring devices, namely, "Arrow" and "H. & H."; thereafter the Arrow brand was sold under the "Arrow Electric Division" of the Arrow-Hart & Hegeman Electric Company, and the "H. & H." brand was sold under the "Hart & Hegeman Division" of The Arrow-Hart & Hegeman Electric Company.

The said Edward R. Grier, President of the said new respondent, was placed in full charge of all its operations, directing its various business policies, including the establishment of prices, terms and discounts, etc. In the year 1930, under his direction and leadership, the following changes were made in the sales organization of the said new respondent: 758

Mr. Harvey C. Pond, former sales manager of the Arrow Electric Company, became Vice-President and Sales Manager of the new respondent, still maintaining direct control over the sales of the Arrow Division, but assuming under his new position, control over the sales of the Hart & Hegeman Division, as well. 759

Mr. John R. Cooke, formerly in charge of the special appliance division of the Hart & Hegeman Manufacturing Company, was appointed General Manager and Vice-President of the new respondent, in charge of special appliances, of both the Arrow and the Hart & Hegeman divisions.

Mr. J. W. Alexander, formerly Hart & Hegeman's District Sales Manager, Baltimore-Philadelphia territory, was placed in charge of the district sales of both divisions in that territory, with office at

760 *Findings as to the Facts and Conclusion.*

Philadelphia, certain changes having been made in the territory to be covered.

Mr. A. P. Deacon, former Arrow District Manager in the Baltimore-Philadelphia territory, was made Joint Manager of both divisions in the Metropolitan New York area, with office in New York City.

Mr. G. S. Wentworth was made Joint Manager of both divisions in what was known as "Upper New York State" territory, with headquarters at Syracuse, N. Y.

761 Mr. A. C. Nelson, formerly Arrow District Manager in the New England territory, was made Joint Manager of both divisions in that same territory, with office in Boston.

Mr. J. W. Saladine, former Hart & Hegeman Manager in the New England territory, was transferred to the Hartford office of the new respondent and placed in charge of special promotional work of both divisions.

Mr. Paul Ramsey, former Arrow salesman at Atlanta, Georgia, was made Joint Southern Manager of both divisions over a new territory created in the South, with his District Sales Office in Atlanta.

762 Mr. R. E. Lubeck, former Western Manager of Hart & Hegeman Manufacturing Company, located in Chicago, was made Joint Manager of both divisions for a new territory with headquarters at Detroit, Michigan.

Mr. R. L. Wildauer, former Arrow Western Manager at Chicago, was made Joint Manager of both Divisions for a newly created Western territory, with headquarters at Chicago.

During 1930 and 1931, the same salesmen, soliciting business in the State of Texas and the City of New Orleans, began to represent both divisions.

Also, in the States of New Hampshire, Vermont and Maine, as well as the State of Connecticut, the same salesmen began to represent both divisions.

In the balance of the territory of the United States covered by the sales organizations of the new respondent, salesmen of both divisions continued to call upon the trade generally, as before, but offered no price inducements, service inducements or credit inducements to obtain business from each other, and were responsible in all instances to common District Sales Managers.

Separate catalogues have been published by the two sales divisions of the new respondent since January 1, 1929, but these catalogues carry practically the same printed matter, describing new items that are brought out by the new respondent under their respective trade marks, "Arrow" and "H. & H.", and some new items bear the combined trademark, "Arrow-H & H." While there is no competition between these two sales divisions of the new respondent there still remains a form of rivalry in the promotion of sales. 764

PARAGRAPH SEVEN: The sales of the Arrow Electric Company during the time it was operated as a subsidiary of the said original respondent, were approximately as follows: 765

1927	$3,849,000
1928	3,537,000

and during the first year the Arrow business was conducted by the Arrow Division of the new respondent, the sales were approximately $3,584,000.

The sales of the Hart & Hegeman Manufacturing Company, during the time it was operated as a sub-

766 *Findings as to the Facts and Conclusion.*

sidiary of the original respondent, were approximately as follows:

1927	$1,537,000
1928	4,478,000

and during the first year the Hart & Hegeman Manufacturing Company business was conducted by the Hart & Hegeman Division of the new respondent, the sales were approximately $1,599,000.

The total volume of sales of both the said Arrow Electric Company and the said Hart & Hegeman
767 Manufacturing Company during 1927 was in excess of 25 per cent of the total volume of sales of all manufacturers of electrical wiring devices of all descriptions during that year.

At the time the testimony was taken in this proceeding, the principal competitors of the new respondent were the General Electric Company, the Bryant Division of the Westinghouse Electric Company, the Hubbell Company, Pass & Seymour, Weber Electric and Cutler & Hammer companies, all of which sell full line of electrical wiring devices similar to that sold by the said new respondent. In addition there are other competitors who
768 sell limited or special lines. The total volume of sales of the said new respondent exceeds the volume of sales of parallel lines of electrical wiring devices of any one of its competitors and the said new respondent has assumed a dominant position in the electrical wiring devices industry, it being the largest producer of electrical wiring devices in the United States.

PARAGRAPH EIGHT: Since January 1, 1929, the said new respondent has combined a number of manufacturing departments, which has resulted in

substantial saving in the cost of production of many of the electrical wiring devices manufactured and sold by the said new respondent. The manufacturing profit of the two operating companies, namely, the Arrow Electric Company and the Hart & Hegeman Manufacturing Company, during 1927 was 31 per cent, and in 1928 was 34 per cent, and the manufacturing profit of the Arrow and the Hart & Hegeman divisions of the new respondent for the year 1929 was 35 per cent. In addition, substantial economies in designing and manufacturing were realized by the new respondent as a result of the 770
consolidation of the engineering departments of the Arrow Electric Company and the Hart & Hegeman Manufacturing Company, and also there has been substantial development in the field of experimentation as a result of such consolidation. Price levels of electrical wiring devices have not increased since the year 1927, and on some items the prices have been reduced, with no corresponding reduction in quality.

The net profits realized by the Arrow Electric Company and the Hart & Hegeman Manufacturing Company for the years 1927 and 1928, were as follows:

771

Arrow, for 1927	$500,000
1928	$600,000

Ratio to net sales for both years, 13 per cent.

Hart & Hegeman for 1927, net profit	$470,000

Ratio to net sales 8 per cent

1928, net profit	$639,000

Ratio to net sales, 14 per cent.

In 1929, the Arrow Electric Division of the new respondent made a net profit of $585,000, which was

772 *Findings as to the Facts and Conclusion.*

12 per cent of the net sales, and the Hart & Hegeman Division made a net profit of $768,000, which was 16 per cent of the net sales.

PARAGRAPH NINE: The effect of the acquisition by the said original respondent of the common stocks of the Arrow Electric Company and the Hart & Hegeman Manufacturing Company, on or about October 10, 1927, has been, is and may be—

(a) To substantially lessen competition between the said Arrow Electric Company and
773 the Hart & Hegeman Manufacturing Company in the sale and distribution of electrical wiring devices in interstate commerce;

(b) To restrain interstate commerce in electrical wiring devices in those sections and communities where the said Arrow Electric Company and the said Hart & Hegeman Manufacturing Company were engaged in business;

(c) To tend to create a monopoly in the electrical wiring devices industry.

PARAGRAPH TEN: The divestment by the said original respondent of the common stock of the said
774 Arrow Electric Company and Hart & Hegeman Manufacturing Company to the holding companies organized by said original respondent in December, 1928, as set forth herein, was not such a divestment as to constitute a compliance with the said Clayton Act.

PARAGRAPH ELEVEN: The course of action of the said original respondent in organizing the said new respondent, as described in Paragraph Five hereof, was not taken to restore the competition which had

previously existed between the said Arrow Electric Company and the said Hart & Hegeman Manufacturing Company, but was in part to avoid a claim for income tax by the United States Treasury Department, and in part an artifice and subterfuge designed in an attempt to evade the provisions of Sections 7 and 11 of the said Clayton Act and to perpetuate the elimination of all competition which had existed prior to October 10, 1927 between the said Hart & Hegeman Manufacturing Company and the said Arrow Electric Company.

776 PARAGRAPH TWELVE: The effect of the organization of the said new respondent and the acquisition by it, through merger, of the common or voting stocks of the said Arrow Electric Company and the said Hart & Hegeman Manufacturing Company, and of the assets of said two last named corporations, on December 31, 1928, as hereinbefore described in Paragraph Five, has been, is and may be—

(a) To substantially lessen competition between the said Arrow Electric Company and the Hart & Hegeman Manufacturing Company in the sale and distribution of electrical wiring 777 devices in interstate commerce;

(b) To restrain interstate commerce in electrical wiring devices in those sections and communities where the said Arrow Electric Company and the said Hart & Hegeman Manufacturing Company were engaged in business;

(c) To tend to create a monopoly in the said new respondent in the electrical wiring devices industry.

778 *Findings as to the Facts and Conclusion.*

CONCLUSION.

The acquisition by the said original respondent, Arrow-Hart & Hegeman, Inc., of all the outstanding common or voting stocks of the said Hart & Hegeman Manufacturing Company and Arrow Electric Company, and the continued ownership and/or control, and the voting of said stocks by the said original respondent, which culminated in the organization of the said new respondent, The Arrow-Hart & Hegeman Electric Company, and the
779 acquisition by the said new respondent, through merger, of the common or voting stocks of the said Hart & Hegeman Manufacturing Company and Arrow Electric Company and of the assets of the two last named corportions, under the conditions and circumstances described in the foregoing findings, constitute a violation of Section 7 of an Act of Congress approved October 15, 1914, entitled "An Act To supplement existing laws against unlawful restraints and monopolies, and for other purposes" (the Clayton Act).

By the Commission.

780 (Seal)

CHARLES H. MARCH,
Acting Chairman.

Dated this 6th day of
July, A. D., 1932.

Attest:

OTIS B. JOHNSON,
Secretary.

Order to Divest. 781

UNITED STATES OF AMERICA,

BEFORE FEDERAL TRADE COMMISSION.

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 6th day of July, A. D. 1932.

Commissioners—WILLIAM E. HUMPHREY, *Chairman*,
CHARLES H. MARCH,
EDGAR A. MCCULLOCH, 782
GARLAND S. FERGUSON, JR.,
C. W. HUNT.

IN THE MATTER of ARROW-HART & HEGEMAN, INCORPORATED, and THE ARROW-HART & HEGEMAN ELECTRIC CO.	Docket 1498.

This proceeding having been heard by the Federal Trade Commission upon the complaint and supplemental complaint of the Commission, the answers of respondents, the testimony, briefs and oral argument, and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of an Act of Congress approved October 15, 1914, entitled "An Act To supplement existing laws against unlawful restraints and monopolies, and for other purposes" (the Clayton Act): 783

NOW, THEREFORE, IT IS ORDERED, that the said respondent, The Arrow-Hart & Hegeman Electric

Company, forthwith cease and desist from violation of the provisions of Section 7 of an Act of Congress approved October 15, 1914, entitled "An Act To supplement existing laws against unlawful restraints and monopolies, and for other purposes", and within ninety (90) days from the date of the service upon it of a copy of this order, divest itself absolutely, in good faith, of all common stock of the Hart & Hegeman Manufacturing Company acquired by it as a result of the merger of the said Hart & Hegeman Manufacturing Company and Ar-
785 row Electric Company, The Arrow Manufacturing Company, and The H & H Electric Company on or about December 31, 1928, so as to include in such divestment the said Hart & Hegeman Manufacturing Company's manufacturing plants and equipment and all other property necessary to the conduct and operation thereof as a complete going concern and so as neither directly nor indirectly to retain any of the fruits of the acquisition of common stock of the said Hart & Hegeman Manufacturing Company; or within ninety (90) days from the date of the service upon it of a copy of this order divest itself absolutely, in good faith, of all the com-
786 mon stock of the said Arrow Electric Company acquired by it as a result of the merger of the said Hart & Hegeman Manufacturing Company, Arrow Electric Company, The Arrow Manufacturing Company, and The H & H Electric Company on or about December 31, 1928, so as to include in such divestment the said Arrow Electric Company's manufacturing plants and all other property necessary to the conduct and operation thereof as a complete going concern, and so as neither directly nor indirectly, to retain any of the fruits of the acquisition of the common stock of the said Arrow Electric Company.

IT IS HEREBY FURTHER ORDERED that the said new respondent, The Arrow-Hart & Hegeman Electric Company, shall within ninety (90) days from the date of service upon it of a copy of this order, divest itself absolutely, in good faith, of the said Hart & Hegeman's Manufacturing plants and equipment and all other property necessary to the conduct and operation thereof as a complete going concern; or within ninety (90) days from the date of the service upon it of a copy of this order, divest itself absolutely, in good faith, of the said Arrow Electric Company's manufacturing plants and equipment 788 and all other property necessary to the conduct and operation thereof as a complete going concern.

AND IT IS FURTHER ORDERED that such divestment of the common stock or assets of the said Arrow Electric Company or Hart & Hegeman Manufacturing Company, as the case may be, shall not be made directly nor indirectly to the said The Arrow-Hart & Hegeman Electric Company or to any stockholder, officer, director, employee or agent of, or any one otherwise directly or indirectly connected with or under the control of the said The Arrow-Hart & Hegeman Electric Company.

AND IT IS HEREBY FURTHER ORDERED that the respondent The Arrow-Hart & Hegeman Electric Company, within four months from the day of the date of the service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has conformed to this order. 789

By the Commission, Commissioner Humphrey dissenting in memorandum attached.

OTIS B. JOHNSON,
Secretary.

(Seal)

790 **Dissent of Chairman Humphrey.**

IN THE MATTER of ARROW-HART HEGEMAN, INC.	Docket No. 1498.

July 2, 1932.

There is no injury to the public shown in the alleged transfer of stock in this case. There is no
791 evidence to show any injury, except the mere blotting out of whatever competition there existed between the two corporations.

It seems the majority of the Commission has consistently held in all these Section 7 cases, that the mere acquisition of stock of one corporation by a competing corporation is in itself a violation of the statute, regardless of the effect of such acquisition on the public.

Paragraph II of the order directs that the respondent divest itself absolutely of all the common stock it acquired as a result of the merger, so as to include in such divestment manufacturing plants
792 and all other property necessary to conduct and operate a complete, going concern.

Did the respondent acquire stock "by merger?" If so, what was the value of such stock? What does it now represent? If the respondent divests itself of such stock, what is the effect of such divestment?

It appears so plain that none will dispute it, that even granted that the respondent did acquire stock by this merger, it is utterly valueless, and to compel the respondent to divest itself of such stock would be an idle gesture.

I do not think that the Commission ought to spend its time and money in so futile a performance.

The third paragraph of the order directs the respondent absolutely to transfer assets, without in any way directing the transfer of the stock. I do not believe that the Courts will ever hold that the Commission has the power to make an order of the character stated either in the first or second paragraph.

The Section 7 cases have always been regarded by the Commission as especially reprehensible. The acquisition of stock has been the one unpardonable sin.

From the beginning, the Commission has had em- 794
ployes assigned the duty of reading the papers to see if there were any violations of Section 7 of the Clayton Act. No such method has been followed in regard to any other class of cases. These employes immediately report any item that appears in the press involving stock acquisition. Then, on the merest ex parte showing, without any preliminary hearing as in other cases, complaint is issued and served upon the respondent. The supposed justification for such action was that the respondent might acquire the assets and oust our jurisdiction. Even if true, it did not in any way relieve the respondent from being prosecuted by the Department 795
of Justice if the law had been violated. The anxiety of the Commission to exercise its jurisdiction in these cases, in view of its "successes" is hard to understand.

The record shows that we have had about 800 preliminary inquiries and investigations of Section 7 cases. Complaints have been issued in 59 cases. 41 of these cases were afterwards dismissed by the Commission. Order of divesture was issued in 9 cases. One of these was sustained by the Circuit Court, but it is the almost universal opinion of the

bar of the country that if this case could have been reviewed by the Supreme Court of the United States it would have been reversed. One order was sustained in part by the Supreme Court. All the others have been reversed by the Supreme Court. This is the sum of what has been accomplished in over fifteen years of vigorous prosecution under Section 7 of the Clayton Act. Has the result justified the action of the Commission?

It seems to me, in view of this record of accomplishment, that the Commission is not justified any
797 longer in expending large sums of money in trying these cases—and in refusing to follow the decision of the Supreme Court in the International Shoe Company case, when, speaking of the Clayton Act, they said,

> "the act deals only with such acquisitions as probably will result in lessening competition to a substantial degree * * * that is to say, to such a degree as will injuriously affect the public,"

798

Testimony. 799

BEFORE

FEDERAL TRADE COMMISSION.

IN THE MATTER of ARROW-HART & HEGEMAN, INC., and THE ARROW-HART & HEGEMAN ELECTRIC CO.	Docket No. 1498.

800

Conference room, Arrow-Hart & Hegeman Electric Co., 103 Hawthorne Street, Hartford, Connecticut.

May 25, 1931.

Met pursuant to notice, 10 a. m. Eastern Standard Time.

Before—WILLIAM C. REEVES, *Examiner*.

APPEARANCES:

801

E. F. HAYCRAFT, Attorney for the Federal Trade Commission.

CHARLES WELLES GROSS and WALLACE W. BROWN, of GROSS, HYDE AND WILLIAMS, 49 Pearl Street, Hartford, Connecticut, attorneys for the respondent.

ARTHUR F. SHIPMAN, of SHIPMAN AND GOODWIN, 15 Lewis Street, Hartford, Connecticut, attorney for the respondent.

802

Testimony.

PROCEEDINGS.

Examiner Reeves: We will proceed in the matter of the Arrow-Hart & Hegeman, Inc., and The Arrow-Hart & Hegeman Electric Co., docket number 1498, pursuant to the order of the Federal Trade Commission, dated April 28, 1931. The hearing was convened, pursuant to order, in the South Room, second floor, Old State House Building, Hartford, but by agreement of counsel an adjournment was taken to the conference room of the Ar-
803 row-Hart & Hegeman Electric Co., 113 Hawthorne Street, Hartford.

(A discussion was had off the record.)

Mr. Gross: I should like to have it noted on the record, in connection with the motion to dismiss, we raise the question of jurisdiction, on the ground that the old respondent, so called, Arrow-Hart & Hegeman, Inc., has been dissolved, and that the new respondent, so called, The Arrow-Hart & Hegeman Electric Co., is not subject to the jurisdiction of the Federal Trade Commission, and that we preserve our rights under the motion to dismiss, which is being presented to the honorable Federal
804 Trade Commission, and which, as I understand it, we are given leave to renew before final hearing before the Commission.

Examiner Reeves: That is the understanding of the Examiner.

Have you a witness present, Mr. Haycraft?

Mr. Haycraft: I will call Mr. Williams.

SAMUEL P. WILLIAMS, was thereupon called as a witness, and having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HAYCRAFT:

Q. State your name, business, and present occupation. A. Samuel P. Williams, home address, 110 Kenyon Street; occupation, vice-president of The Arrow-Hart & Hegeman Electric Company.

Q. How long have you occupied that position? A. Since the company was organized.

806 Q. What date was that? A. It was on December 31, 1928.

Q. Prior to that time what was your occupation? A. I was vice-president of Arrow-Hart & Hegeman, Incorporated.

Q. How long did you occupy that position? A. During the time of its existence.

Q. When was it organized? A. About October 10, 1927.

Q. Prior to that time what was your occupation? A. I had been president of the Hart and Hegeman Manufacturing Company.

Q. For how long? A. From the 15th of February until—

807 Q. What year? A. In 1927.

Q. Prior to February 15 what was your occupation? A. I was vice-president of the Hart and Hegeman Manufacturing Company.

Q. For how long? A. To my recollection, perhaps five years.

Q. As vice-president what were your duties? A. In the Hart and Hegeman Manufacturing Company?

808 *Samuel P. Williams—Direct.*

Q. Yes. A. Mainly connected with sales, and financial departments of the business under Mr. Morris.

Q. Will you give the full name of Mr. Morris? A. Shiras Morris.

Q. And you succeeded Mr. Morris as president of the Hart and Hegeman Manufacturing Company? A. Yes, upon his death.

Q. He died sometime in January? A. On February 2, 1927.

Q. Just what were your duties as vice-president
809 in the sales and financial departments of the business? A. Mainly as counselor, and general over sight.

Q. Did you have charge of the sales of the company? A. *No, not directly.* They were under the sales manager.

Q. He was under you? A. Yes.

Q. And who was the sales manager? A. H. L. Everest.

Q. That five years that you were vice-president, did your duties remain about the same during that entire time? A. They did.

Q. Prior to that time were you associated with
810 the Hart and Hegeman Manufacturing Company? A. Yes. I came with them on September 1, 1918, as secretary.

Q. It was in October, 1927, that you became vice-president of Arrow-Hart & Hegeman, Incorporated? A. Yes.

Mr. Haycraft: I think it should be noted on the record that when we refer to the old respondent we refer to Arrow-Hart & Hegeman, Incorporated, and when we refer to the new

respondent we refer to the Arrow-Hart & Hegeman Electric Company.

Mr. Cross: Yes.

Q. Did you have anything to do with the formation or the organization of t old respondent in this case? A. Under advice of counsel, I was engaged in it.

Q. Whom did you represent in the transactions —in the part that you took in it? A. Represented the Hart and Hegeman Manufacturing Company.

Q. Just briefly describe—because we have the official papers in that—what transpired, what you did in respect to the organization of the old respondent? A. I presided at the meetings which were held in connection with that matter. 812

Mr. Gross: I don't think you are clear on that. Do you mean the steps leading up to it?

The Witness. Do you mean the historical feature?

Q. Just what part you had in it, the first steps that you took, and what they were, and when. A. Following Mr. Morris's death, it was, of course, necessary for his family to reduce their holdings. 813

Q. Just a moment, before you go into that. Had Mr. Morris any negotiation along that line before his death? A. He never had any negotiations as far as I know. I do know that he felt the need of a stronger organization, and that in his own mind he hoped some day to bring about a strengthening of the company to meet the more severe conditions, but there had been no negotiations at all.

Q. He had talked to you about this, about such a need? A. I knew it was in his mind from the way

814 *Samuel P. Williams—Direct.*

he talked, although there were never any definite conversations along that line:

Q. Just refresh your recollection, Mr. Williams, on this point. At this time I show you what purports to be a copy of a letter which you wrote on August 9, 1927, to Frank P. Furlong. He was one of the stockholders? A. Yes.

Mr. Haycraft: I ask that this be marked "Commission's exhibit number 1 for identification". There are three letters; one, dated August 8, 1927, from Mr. F. P. Furlong to Mr. Samuel P. Williams; Mr. Williams's reply of August 9, 1927, and Mr. Furlong's reply to Mr. Williams of August 10. I ask that this sheaf of papers be marked "Commission's exhibit number 1 for identification, A, B, C," if it is agreeable.

815

(There was a discussion off the record.)

Examiner Reeves: This document, consisting of four pages, will be marked for identification Commission's Exhibit number 1.

(The sheaf of papers were thereupon marked "Commission's Exhibit number 1 for identification.")

816

Q. I show you this paper, which is marked "Commission's exhibit number 1 for identification, "the second paragraph of your letter to Mr. Furlong, dated August 9, 1927, and ask you whether you recall that Mr. Morris talked with you about a merger of some kind with the Arrow Electric Company before he died, as indicated in that letter. A. He had not definitely talked with me about it. The statement possibly is a trifle over-positive, but I realized that Mr. Furlong, as a stockholder, who

was well acquainted with Mr. Morris, also our salesmen and all of our organization, had a great admiration for Mr. Morris, and also knowing that Mr. Morris in the past year or two had felt this need of a stronger organization, I realized that if these men knew and understood that it was along lines which he favored, that they would be themselves enthusiastic supporters of the plan.

Q. The papers which you just referred to, are copies, are they not, of originals which are in your files? A. Yes.

818 Mr. Haycraft: I think I will offer them in evidence at this time.

Examiner Reeves: Are there any objections?

Mr. Gross: No objection.

Examiner Reeves: These documents, heretofore marked for identification as Commission's Exhibit number 1, are received in evidence as Commission's Exhibit number 1.

(The sheaf of papers referred to was received in evidence and marked "Commission's Exhibit number 1.")

819 Q. Will you state at this time, Mr. Williams, what was the need that Mr. Morris felt for a stronger organization, which was the expression you used? A. Simply that the industry was becoming more complex, and required more capital to operate, or, rather, more resources to operate successfully. Competition was growing more and more severe, and we possibly had deficiencies in our organization, personnel, and otherwise, which he felt should be strengthened.

Q. Just describe briefly the extent of your organization, the factories and your branch offices,

820 *Samuel P. Williams Direct.*

and so on, at the time he died? A. We had the properties on Capitol Avenue and the plant known as our South Works, in Hartford, and the property of the H. T. Paiste Company, in Philadelphia.

Q. Will you describe, as you go along, what the products were which were made at these various factories? A. At the Hartford plant,—at both of the Hartford plants we manufactured exclusively the switch line, and in Philadelphia we manufactured the socket line, and cut-outs, entrance switches, receptacles, and sign receptacles, and ma-
821 terial of that nature. There was also the plant of the Electric Porcelain & Manufacturing Company at Trenton, New Jersey, which supplied both the Hartford and Philadelphia plants with the raw materials of porcelain.

Q. What was made from the porcelain? A. The porcelain end went very largely, or did at that time, into every product of the company.

Q. What was the capitalization of the Hart and Hegeman Company at that time? A. The capital stock of the Hart and Hegeman Manufacturing Company was then 200,000 common and 300,000 preferred.

822 Q. What was your valuation as placed on there, the assets at that time? A. In the neighborhood of three and one-half million.

Q. How was that valuation assessed? How did you arrive at that figure? A. According to the book accounts.

Q. How would you arrive at your value of your real estate, and such assets as that? On appraisal? A. No, those were the cost of real estate and of all other assets, less depreciation.

Q. What was the value of the plant at Philadelphia and the plant at New Jersey? A. From the books?

Q. Yes, according to the books. Would you have to consult some records on that? A. I would have to refer to some records, yes.

(There was a discussion off the record.)

Q. What investment did your firm have at those places? A. According to my recollection, our firm had an investment in the Paiste plant of about $400,000.

Q. What about the New Jersey plant? A. Also, according to my recollection, our company had an investment of about $195,000. 824

Q. Had the Hart and Hegeman Manufacturing Company been conducting business at a profit? A. Yes, sir.

Q. Had you been paying dividends regularly? A. Yes.

Q. And what dividends did you pay during the three years just prior to the time Mr. Morris died? A. We paid regular dividends on the preferred of seven per cent.

Q. And on the common stock? A. Various dividends. As I recall, about three dollars per share. That is subject to revision.

Q. How long were you secretary of the Hart and Hegeman Manufacturing Company? A. I believe five or six years. 825

Q. Were you secretary until the time you were made president? A. No, until the time I was made vice-president.

Q. Yes, until you were made vice-president. Do you recall now when you acquired the capital stock of the Paiste Company? A. The acquisition of the stock of the Paiste Company began in 1914, according to my recollection.

826 *Samuel P. Williams—Direct.*

Q. And it was more periodical? A. Yes, sir.

Q. Did you have a running account between your firm and the Paiste Company? A. With respect to stock?

Q. With respect to the goods. A. There was first the sales agreement, whereby Hart and Hegeman became the exclusive sales agent for the Paiste product, and, of course, during that time—

Q. Well, did you advance money to assist in the manufacture of the product? A. Yes, we did from time to time.

827 Q. And did you take preferred stock as payment for the indebtedness? A. No, I don't think we ever did that. Any stock that was bought was bought outright. We never purchased any stock from the company itself.

Q. I show you what purports to be the minutes of a special meeting of the Board of Directors of the Hart & Hegeman Manufacturing Company held on December 4, 1925, and ask if you can identify this as the minutes of that company. A. I believe they are, yes, sir. We had them made here.

Mr. Haycraft: I offer that set of minutes in
828 evidence and ask that it be marked "Commission's Exhibit number 2."

Examiner Reeves: Are there any objections?

Mr. Gross: No objections.

Examiner Reeves: This document, consisting of three pages, will be received in evidence as Commission's Exhibit number 2.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit number 2.")

Q. I notice in this reference was made to the acquisition of preferred stock of the Paiste Com-

pany about that time. Do you recall whether that purchase went through? A. The preferred stock was also purchased gradually from time to time from the stockholders who owned it and eventually it was all acquired.

Q. You eventually purchased all the common stock and all the preferred stock? A. Yes, sir.

Q. And during that period of time, from 1914 to 1927, that company was engaged in the manufacture of products for the Hart and Hegeman Manufacturing Company? A. Yes, sir.

Q. Principally sockets, did you say? A. Yes, 830
sir, principally sockets.

Q. I show you what purports to be the minutes of the annual meeting of the stockholders of the Hart and Hegeman Manufacturing Company of January 13, 1926, and ask you if you can identify that? A. I do identify that.

Q. Is that the minutes of the Board of Directors? A. The stockholders.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: Are there any objections?

Mr. Gross: No objections.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit 831
number 3.

(The document referred to was received in evidence and marked "Commission's Exhibit number 3.")

Q. I notice in this exhibit reference is made to a report of your president concerning the company's business during the fiscal year 1925, outlining its plans and prospects for the year ahead and remarking particularly on the policy and activities of

832 *Samuel P. Williams—Direct.*

competitors, and their possible effect. Is that an oral report or a written report? A. An oral report.

Q. Do you have any independent recollection of the kind or nature of the report other than expressed here? A. No, I have not.

Q. You mentioned something about competitors and the competition which the company had to meet. Do you have any recollection now as to the competitive situation which was brought particularly home to your firm in 1925 and 1926? A.
833 No, I can't recall in detail what the competitive situation was. Simply, from year to year, it grows more intense. It was beginning to then.

Q. What form would those competitive conditions take? A. I presume that we were finding it more and more difficult to hold our share of the business because of the fact that competitors were employing more salesmen, using more aggressive methods, increasing their advertising; making it more difficult for us.

Q. Were there any of what you would call unfair methods being employed at that time? A. No.

Q. How did your sales in 1926 compare with
834 your sales in 1925, the total sales? A. I don't recall without—

Q. From 1925 and 1924 do you recall? A. I don't think I recall.

Q. As a matter of fact, aren't the sales in 1926 the largest in the history of the company? A. I would have to refer to the records.

Examiner Reeves: We will take a short recess for five minutes.

(A short recess was taken.)

Q. What figures do you have there? Do you have the figures for 1925 and 1926? A. Both.

Q. You do not have them for 1924? A. No, sir.

Q. What were they for 1925 and 1926? A. The figures for 1925, the total, including export sales, to other manufacturers, and all other sales, were $3,951,671; those for 1926 were $3,976,000.

Q. Can you testify whether or not since 1921 you have exceeded your sales in 1926? A. They have been exceeded in 1928 and 1929.

Mr. Gross: Since 1921, I think he said.

A. Since 1921 and before that—I haven't at present those figures at hand, no, sir. 836

(There was a discussion off the record.)

A. (Continuing) The earliest I can give you was in 1924.

Q. All right. A. In that year the total sales were—

Mr. Gross: Of what?

A. (Continuing) —of every description of the Hart and Hegeman Manufacturing Company, were $3,341,386.

Q. I show you what purports to be the minutes of the adjourned meeting of the Board of Directors of the Hart and Hegeman Manufacturing Company on December 1, 1926, and ask you whether you can identify that paper. A. I identify this as being made here from our minute book. 837

Mr. Haycraft: I offer that paper in evidence.

Examiner Reeves: This will be received in evidence as Commission's Exhibit number 4.

838 *Samuel P. Williams Direct.*

(The same was thereupon received in evidence and marked "Commission's Exhibit number 1".)

Q. Were the plans covered by the resolution included in this exhibit carried out with respect to the assets of the Electric Porcelain & Manufacturing Company? A. Yes, sir.

Q. And it became, then, a plant owned by your firm at that time? A. Yes.

Q. How long had the Electric Porcelain & Manu-
839 facturing Company been manufacturing porcelain fixtures for your company prior to the date of this meeting? A. I don't know when they first began manufacturing goods for the H. T. Paiste Company. It was a long time back—a long time back. May I state the reason for that recapitalization?

Q. Yes, sir. A. The reason was that there was some few shares of the stock of the Electric Porcelain and Manufacturing Company whose owners could never be located. It was merely to clear up that situation.

Q. What did you do in clearing that up? A. We made demand upon the Electric Porcelain & Manu-
840 facturing Company for the payment of money advanced to it and owing to the company, and agreed to accept the assets of the company in payment of those debts.

Q. As indicated in this resolution? A. As indicated in this resolution; yes.

Q. I show you what purports to be the minutes of the annual meeting of the stockholders of the Hart and Hegeman Manufacturing Company on January 12, 1927, and ask if you can identify that paper. A. I do identify it.

Mr. Haycraft: I offer it in evidence.

Examiner Reeves: This will be received in evidence as Commission's Exhibit number 5.

(The document referred to was received in evidence and marked "Commission's Exhibit number 5.")

Q. Here again I notice that the president, who at that time was Mr. Morris, made a report of the company's business for a year just closed and referred to the prospects and the problems of the year ahead, touching upon the questions of competition, probable cost of the volume, and the plans to adapt sales and factory facilities to conditions as they arise. Do you recall the nature of that report? Is it a written report? A. It was not a written report. It was in the way of the usual report which Mr. Morris would make at such a time. 842

Q. Do you have any recollection as to what he had to say about questions of competition existing in January, 1927? A. Nothing, as far as I know. I only know that competition to a manufacturer is the thing which looms up as a great obstacle to doing business, and it is very natural for them to be discussed.

Q. I ask if you can identify these papers, which purport to be the minutes of the meeting of the Board of Directors of the Hart and Hegeman Manufacturing Company of February 15, 1927. A. I do identify that. 843

Mr. Haycraft: I will offer that in evidence.

Examiner Reeves: This document, consisting of three pages, will be received in evidence and marked "Commission's Exhibit number 6."

844 *Samuel P. Williams Direct.*

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit number 6.")

Q. On the third page reference is made to a discussion by Mr. Williams. That refers to yourself? A. Yes, sir.

Q. And reference is made to negotiations with outside interest. Do you recall at this time what the nature of your statement was to the company on that occasion, on February 15, 1927? A. Yes,
845 that referred to the sufficiency of our organization to carry on, with Mr. Morris's death, and to the practical certainty that we would have to make some changes in plans whereby the Morris estate would eventually be able to take their money out.

Q. Did you have any negotiations on foot at that time? A. None whatsoever.

Q. Then the reference would refer to a possible negotiation, rather than negotiations which were in existence? A. Yes, sir, that would.

Q. At that time you were made president of the Hart and Hegeman Manufacturing Company, I believe, is that correct? A. I think so, yes, sir.

846 Q. And Mr. Arthur P. Day succeeded Mr. Morris as member of the Board of Directors? A. Yes.

Q. What was Mr. Day's other occupation? A. He is chairman of the board of the Hartford Connecticut Trust Company.

Q. He is not a practical man? A. No, sir.

Q. I mean by that he is not engaged in this business? A. That is right.

Q. What was his connection with the company? A. With this company?

847

Q. Yes. How did he happen to be elected a director? A. Well, he was a director where Mr. Morris's trusts were lodged.

Q. Mr. Everest was the sales manager at that time? A. Yes, sir.

Q. How long had he been sales manager? A. He has been sales manager

Q. At that time? A. Since 1917, I think.

Q. Who is your technical man in charge? A. Monroe Gentt.

Q. Was he an engineer, as well as practically trained? A. Yes.

848

Q. How long had he been in charge of that end of the business? A. Since the organization of the company, 1890.

Q. Who is Mr. Buell in the organization? At that time was he connected with the firm? A. He was not. He was and is a stockholder in Hartford.

Q. Engaged in some other business? A. As stock broker.

Q. And Mr. Root? A. And Mr. Root was a father-in-law of Mr. Morris, and retired.

Q. Mr. Burt? A. Mr. Burt was president of the Phoenix State Bank and Trust Company.

Q. So far as practical men are concerned, yourself, Mr. Everest, and Mr. Gentt, were in charge of the business; would that be correct? A. If you mean in charge of manufacturing, no.

849

Q. Manufacturing and sales. A. Manufacturing and sales, yes, virtually. There were others, however, who were associated with us.

Q. With equal authority in the affairs of the company? A. In the way that we ran things; I would say almost with equal authority. They were delegated to positions of responsibility.

850 Q. Will you name some of them? A. In the factory, Mr. Sage, in the sales; he was superintendent of the factory. Mr. J. R. Cook. He was in charge of a very important branch of our sales, namely, the appliance business. I would say that covered the point virtually.

Q. Was Mr. Paiste still in charge of the factory at Philadelphia? A. Yes.

Q. Who was in charge of your porcelain factory in New Jersey? A. Mr. C. J. Ruckenbord.

Q. And they had a staff of men under them en-
851 gaged purely in the manufacturing? A. Yes.

Q. I show you what purports to be the minutes of a special meeting of the Board of Directors of the Hart and Hegeman Manufacturing Company of July 28, 1927, to which is attached power of attorney, and ask you if you can identify this paper. A. I identify that.

Mr. Hayeraft: I offer that in evidence.

Examiner Reeves: This document, consisting of four pages, is received in evidence as Commission's Exhibit number 7.

(The document referred to was thereupon re-
852 ceived in evidence and marked "Commission's Exhibit number 7.")

Q. I take it that this is the action of the Board of Directors of the Hart and Hegeman Company in respect to the proposed organization of the old respondent? A. It is.

Q. I see that the letter here is written by you to the holders of common stock of the Hart and Hegeman Manufacturing Company, dated July 28, 1927. From that it is correct to assume that you conducted the negotiations. How long had you nego-

tiated for the organization of the old respondent, as indicated in this letter and in the minutes? A. For about three weeks.

Q. How did the matter come to your attention? Who proposed it and — A. Through a conversation with Mr. Grier.

Q. — and what was the occasion of the conversation? That is, how did the matter come up? A. Why, as I recall it, Mr. Grier and I — Mr. Grier asked me to call at his house, and thereupon he broached the subject to me.

Q. That would be about in the first part of July? 854
A. Yes.

Q. On the fourth of July? A. Immediately after the fourth of July.

Q. At that time did you make any memorandum of the plan that he proposed to you, or do you have any recollection of the proposition that he made to you on that occasion? A. It was just an evening social call.

Q. And then what happened? A. After we agreed in substance that it would be desirable, why, the plans went on rapidly.

Q. Do you recognize this memorandum which I hand you now? A. I do, yes, sir.

Q. What is it? A. A memorandum without date, 855
a sketch of the first initial steps which would have to be taken to bring the capitalization of the two companies into harmony.

Q. Did you prepare it? A. I did not.

Q. Do you know who did? A. It was prepared by Mr. Grier.

Q. Can you state about when it was that Mr. Grier gave you that memorandum? A. Probably within three or four days after the time of our first conversation.

856 *Samuel P. Williams - Direct.*

Mr. Haycraft: I offer that memorandum in evidence.

Mr. Gross: May I just see it?

(Mr. Haycraft handed a paper to Mr. Gross.)

Mr. Gross: No objection.

Examiner Reeves: This will be received in evidence as Commission's Exhibit number 8.

(The memorandum referred to was thereupon received in evidence and marked "Commission's Exhibit number 8".)

857 Q. Just for the sake of getting the record clear, I will ask whether or not there was any phase of this preliminary agreement or this memorandum that you identified that was not carried out. In other words, in principal, at least.

Mr. Gross: Wouldn't the agreement made show that better, Mr. Haycraft, than a conclusion of the witness?

Mr. Haycraft: Yes, it will.

Examiner Reeves: Do you withdraw the question?

Mr. Gross: I do not want to object to anything; only, I think it will complicate things

858 if he will undertake to say whether it was exactly that or not. You have the agreement right there.

Mr. Haycraft: Yes, sir.

Mr. Gross: I do not want to object, but I think the agreement will show it better.

The Witness: May I indicate a change which is obvious?

Mr. Haycraft: That is just my purpose, to show anything on the exhibit that is obvious.

Mr. Gross: You are not calling for a legal conclusion?

Mr. Haycraft: No.

Mr. Gross: Oh, I have no objection to that at all.

The Witness: I believe that whereas the memorandum states that the Hart and Hegeman Company would have the privilege of issuing preferred stock to the amount of $2,000,000, that that was not the amount of preferred stock authorized. In the fourth paragraph, the second word, "income" should be changed to "issue". "The issue which the Hart and Hegeman Company," and so forth. In the next to the last paragraph mention is made of the number of shares to be issued, and it is to have no par value, neither of which was exactly followed. 860

Q. I ask you if you can identify the paper I hand you now? A. I do.

Q. What is it? A. It is a similar memorandum, without date, containing comparative statistics of the earnings and assets of the two companies, and possible future earnings; purely as an estimate.

Q. Who prepared it? A. Mr. Grier. 861

Q. Did he give you that about the same time as the other memorandum? A. Probably a week or so later.

Mr. Haycraft: I offer it in evidence.

(There was a discussion off the record.)

Mr. Gross: No objection.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit number 9.

862 *Samuel P. Williams—Direct.*

(The memorandum referred to was thereupon received in evidence and marked "Commission's Exhibit Number 9".)

Q. I ask you to identify this sheaf of papers (handing papers to witness). A. I do.

By Examiner Reeves:

Q. Will you state briefly what they are? A. This is an agreement between Edward R. Grier and other stockholders of the Arrow Electric Company, whose
863 names are listed in schedule A, attached, and Samuel P. Williams, and other stockholders of the Hart and Hegeman Manufacturing Company, whose names are listed in schedule B.

By Mr. Gross:

Q. Dated? A. Dated August 6, 1927.

By Mr. Haycraft:

Q. Is that a correct copy, so far as you know? A. I believe it to be.

864

Mr. Haycraft: I offer the papers in evidence.

Examiner Reeves: These documents, consisting of eight papers, are received in evidence as Commission's Exhibit Number 10.

(The sheaf of papers referred to was thereupon received in evidence and marked "Commission's Exhibit Number 10".)

Mr. Haycraft: I want it to be understood that a copy is being submitted for the original agreement.

Examiner Reeves: That is agreeable to the Examiner.

865 Q. I hand you these papers and ask you if you can identify them. A. I identify this as a supplemental agreement made on October 6, 1927, between Edward R. Grier and other holders of common stock of the Arrow Electric Company, and Samuel P. Williams, and other holders of common stock of the Hart and Hegeman Manufacturing Company.

Mr. Haycraft: I offer that in evidence.

By Mr. Gross:

866 Q. Are the names there? A. Yes, they are typed in.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit Number 11. It consists of two pages.

(The document referred to was received in evidence and marked "Commission's Exhibit Number 11".)

By Mr. Haycraft:

867 Q. As set forth in this agreement, and the supplemental agreement, can you testify whether or not the agreement of August 6, 1927, was carried out by the parties thereto? A. It was.

Q. Did you mail to the stockholders of the Hart and Hegeman Manufacturing Company, under date of July 28, 1927, the letter which is set forth, or a copy of the letter which is set forth, in Commission's Exhibit Number 7, under that date, and which was a part of the action taken by the Board of Directors of the association? A. Yes, sir.

868 *Samuel P. Williams—Direct.*

Q. I hand you this paper and ask you if you can identify it, which purports to be a letter from yourself to H. T. Paiste of July 29, 1927. A. I identify that as such a letter.

Mr. Haycraft: I offer it in evidence.

Mr. Gross: No objection.

Examiner Reeves: This document will be received as Commission's Exhibit Number 12.

(The document referred to was thereupon received in evidence and marked "Commission's
869 Exhibit Number 12".)

Q. Reference is made in this letter to a letter which you wrote to your branch managers. Do you have that letter among your files now?

(There was a discussion off the record.)

A. I don't think so.

Q. I ask you to identify these two letters. A. I identify these as letters written, one writen to myself by W. L. Urquhart, dated July 29, 1927, and one written by myself to Mr. Urquhart, dated August 1, 1927.

870 Q. Who is he? A. Mr. Urquhart was at that time export sales manager for the Hart and Hegeman Manufacturing Company, and a stockholder.

Q. This goes along with it, I believe (handing paper to the witness). A. Also a letter written by Mr. Urquhart to myself, dated August 2, 1927.

Mr. Haycraft: I offer these papers in evidence, which have been identified.

Examiner Reeves: This document, consisting of five pages, is received in evidence as Commission's Exhibit Number 13.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 13".)

Q. Is Mr. Urquhart still in your employ? A. No, he is not.

Q. I ask you if you can identify this paper? A. I identify this as a letter from myself, which I wrote to J. Oliver Morris, dated July 30, 1927.

Q. Who is he? A. He was a stockholder of the company and a brother of Mr. Shiras Morris.

872 Mr. Hayeraft: I offer that letter in evidence.

Examiner Reeves: This letter, consisting of two pages, will be received in evidence as Commission's Exhibit Number 14.

(The letter referred to was thereupon received in evidence and marked "Commission's Exhibit Number 14".)

Q. I ask you to identify these two papers. A. I identify this as a letter from H. T. Paiste to myself of August 2, 1927, and a letter to Edward Grier from H. T. Paiste, August 2, 1927.

Q. And this is the same Mr. Paiste that you have already referred to as being in charge of the plant 873 at Philadelphia? A. Yes, sir.

Q. Is he still in charge of that plant? A. He is out of business.

Examiner Reeves: This document, consisting of two pages, is received in evidence as Commission's Exhibit Number 15.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 15".)

874 *Samuel P. Williams—Direct.*

Q. I ask you to identify this paper. A. It is a letter to myself from Mr. A. R. Lubeck, dated August 1, 1927.

Q. Who was he at the time the letter was written? A. Manager of the Chicago office of the Hart and Hegeman Manufacturing Company.

Q. Sales? A. The sales office.

Q. Is he still there? A. Yes.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document is received
875 in evidence as Commission's Exhibit Number 16.

(The document referred to was received in evidence and marked "Commission's Exhibit Number 16".)

Q. I ask you to identify this paper. A. Just a moment; up there, where I state that about Lubeck. His headquarters are now in Detroit, and he still occupies the same relative position there.

I identify this as a memorandum from Mr. Grier to myself, dated August 11, 1927, with reference to possible economies which could be effected in operating the factories.

876

Mr. Haycraft: I offer the letter in evidence.

Examiner Reeves: This memorandum, consisting of two pages, is received in evidence as Commission's Exhibit Number 17.

(The letter referred to was thereupon received in evidence and marked "Commission's Exhibit No. 17.")

Q. I ask you to identify this sheaf of papers. A. I identify them as a letter from myself to the dis-

tributors of the Hart & Hegeman Manufacturing Company, August 20, 1927; a similar letter from Mr. Edward R. Grier to distributors of the Arrow Electric Company, August 25, 1927, and a letter from Edward R. Grier to myself of August 27, 1927.

Q. The last letter is the one that comes from you, and the other from the company—the two letters which you described, dated August, 1927, to H. and H. stockholders—A. To H. and H. distributors.

Q. Yes, and the others, to the Arrow distributors, were transmitted to you by Mr. Grier at the time of the third sheet that you have there? A. August 25, was transmitted to me with this letter of August 27. 878

Q. How about the other one? A. It was not. It was written by myself.

Q. In other words, the letter which is addressed to the H. & H. distributors of August 20, 1927, was prepared by yourself at Mr. Grier's suggestion? A. I would say so, yes.

Mr. Haycraft: I offer the papers in evidence.

Examiner Reeves: These papers, identified by the witness, consisting of three pages, are received in evidence as Commission's exhibit number 18. 879

(The papers referred to were thereupon received in evidence and marked "Commission's Exhibit Number 18.")

Examiner Reeves: We will adjourn until 12:30.

(Whereupon, at 11:45 a. m. Eastern Standard Time, a recess was taken to 12:30 o'clock p. m., Eastern Standard Time.)

880 *Samuel P. Williams—Direct.*

AFTERNOON SESSION.

12:30 p. m. Eastern Standard Time.

DIRECT EXAMINATION (con.) BY MR. HAYCRAFT:

Q. I ask you if you can identify these papers, which purport to be the minutes of a special meeting of the Board of Directors of the Hart and Hegeman Manufacturing Company held on September 19, 1927. A. I do identify it as the minutes of the Board of Directors of the Hart and Hegeman
881 Manufacturing Company held September 19, 1927.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This paper, consisting of four pages, is received in evidence as Commission's Exhibit number 19.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 19.")

Q. I ask you if you can identify this document which I hand you. A. I identify this as a letter to the holders of the Hart and Hegeman Manufactur-
882 ing Company preferred stock, dated September 19, 1927, from the secretary of the company.

Mr. Haycraft: That letter is also offered in evidence.

Examiner Reeves: This document, consisting of three pages, is received in evidence as Commission's Exhibit No. 20.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 20.")

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Q. I ask you if you can identify this paper which I hand you now. A. I identify this as a notice to the stockholders of the Hart and Hegeman Manufacturing Company, for the secretary, of a meeting of the stockholders to be held October 1, 1927. The notice is dated September 21, 1927.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This paper, consisting of two pages, is received in evidence as Commission's Exhibit number 21.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 21.")

884

Q. Will you also identify this paper, please. A. I identify this as a waiver of right to subscribe to five thousand, three hundred thirty-three shares of the six and one-half preferred stock of the Hart and Hegeman Manufacturing Company.

Q. What was the purpose of securing that waiver? A. In connection with the Hart and Hegeman Manufacturing Company issue of—a new issue of $1,333,300 preferred stock of the Hart and Hegeman Manufacturing Company.

885

Q. Which was a part of the reorganization of the old respondent? A. Yes, sir.

Q. As indicated in the agreement which you have already testified to? A. Yes, sir.

Mr. Haycraft: I offer it in evidence.

Examiner Reeves: This paper, consisting of two pages, is received in evidence as Commission's Exhibit Number 22.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 22.")

886 *Samuel P. Williams—Direct.*

Q. I ask you if you can identify this paper, which purports to be the minutes of a special meeting of the stockholders of the Hart and Hegeman Manufacturing Company, held October 1, 1927. A. I identify it as such.

Mr. Hayeraft: I offer it in evidence.

Examiner Reeves: This document, consisting of eleven pages, is received in evidence as Commission's Exhibit Number 23.

887 (The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 23.")

Q. I ask you if you can identify this paper as the minutes of a special meeting of the Board of Directors of the Hart and Hegeman Manufacturing Company held on October 21, 1927. A. I identify if as such.

Mr. Hayeraft: I offer it in evidence.

Examiner Reeves: This document, consisting of seven pages, is received in evidence as Commission's Exhibit Number 24.

888 (The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 24.")

Q. I ask you if you can identify this paper, which I hand you now. A. I identify this as a copy of the minutes of the meeting of the Board of Directors of the Hart and Hegeman Manufacturing Company held on August 25, 1927.

Q. Will you just state for the record the purpose of the meeting of that date? A. It was a meeting at which the dividend of five dollars per share on the common stock of the company was declared.

889

Q. And that was part of the plan of reorganization of the old respondent? A. That was part of the plan.

Examiner Reeves: This paper will be received in evidence as Commission's Exhibit Number 25.

(The paper referred to was received in evidence and marked "Commission's Exhibit Number 25".)

Q. I ask you to identify this paper. A. I identify this as a circular letter issued by Thompson Fenn and Company, dated September 19, 1927, with reference to the issue of $1,333,300 of preferred stock of the Hart and Hegeman Manufacturing Company. I might say that Thompson Fenn and Company are stock brokers.

890

Mr. Haycraft: I offer that paper in evidence.

Examiner Reeves: This paper is received in evidence as Commission's Exhibit Number 26.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 26".)

891

Q. Will you identify this paper? A. I identify this as a letter from myself dated October 3, 1927, to holders of the common stock of the Hart and Hegeman Manufacturing Company, reporting the action taken at the stockholders and Board of Directors meetings held October 1.

Q. Will you identify this paper? A. I identiy this as a letter from myself, dated October 17, to holders of common stock of the Hart and Hegeman Manufacturing Company, reporting the organization of Arrow, Hart and Hegeman, Incorporated.

892 *Samuel P. Williams—Direct.*

Q. Is it with further reference to the first letter? A. It is.

Mr. Hayecraft: I offer the two letters together in evidence.

Examiner Reeves: These papers, described by the witness, are received in evidence and marked "Commission's Exhibit Number 27".

(The papers referred to were thereupon received in evidence and marked "Commission's Exhibit Number 27".)

893 Q. I ask you to identify this paper. A. I identify this as a copy of the minutes of the special meeting of the Board of Directors of the Hart and Hegeman Manufacturing Company, held on October 10, 1927.

Q. That was the date of the organization of the old respondents, wasn't it? A. It was.

Mr. Hayecraft: I offer the paper in evidence.

The Witness: It is very difficult to pick out just what the purport of it is without studying it.

Mr. Hayecraft: Yes.

894 Examiner Reeves: This document, consisting of two pages, is received in evidence as Commission's Exhibit Number 28.

(The document referred to was received in evidence and marked "Commission's Exhibit Number 28".)

Q. Can you identify this paper? A. This paper I identify as a broker's circular, issued by Thompson Fenn and Company and other underwriters in connection with the issue of $1,333,300 of preferred

stock of the Hart and Hegeman Manufacturing Company, dated September 22, 1927.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This is received in evidence as Commission's Exhibit Number 29.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 29".)

Q. I ask if you can identify this paper? A. This is a broker's circular of the Thompson Fenn Company, dated October 11, 1927, in conjunction with 896
other underwriters, with reference to the offer of 31,740 shares capital stock of Arrow-Hart and Hegeman, Incorporated.

Mr. Haycraft: I offer this in evidence.

Examiner Reeves: It will be received in evidence as Commission's Exhibit Number 30.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 30".)

Q. Will you explain just the sequence and the part these two announcements take in the organiza- 897
tion of the respondent corporation? A. The first circular was issued upon the occasion of the offering of the preferred stock of the Hart and Hegeman Manufacturing Company, which was a step bringing the capitalization of that company into a relation of forty to sixty as compared with that of the Arrow Electric Company.

Q. That is the proportion that they were to take in the new corporation? A. No, this was a preferred stock, a balance and preferred stock issue

898 *Samuel P. Williams—Direct.*

of the Arrow Electric Company which they had previously—perhaps a month or two, not knowing that this was coming about; they had issued that preferred stock, and this was a move to bring it into that relation of forty to sixty.

Q. Then, what is the second? A. The second is simply a broker's advertisement that they had for sale Arrow-Hart and Hegeman, Incorporated.

Q. That is the old respondent? A. Yes, the old respondent.

Q. What was the purpose of offering for sale 31,-
899 740 shares of the corporation of the old respondent? A. This was a disposition of the investment in this company originally held by Mr. Morris and his estate; that is, the widow and the estate.

Q. What became of the proceeds of that stock? A. It had gone by purchase to Mrs. Morris.

Q. In other words, that was her way of getting cash out of the transaction? A. That and her portion of the preferred stock. The stock gave her some and this gave her the balance.

(A short recess was taken.)

900 Q. Well, Mr. Williams, possibly, in order to get the record clear, and show how these exhibits, which were admitted in evidence, fit into the plan of organization of the old respondent, I will ask you to testify what you did, or what was done, with respect to the organization of the old respondent corporation, and you can refer to those exhibits as you go along, if you will,—how they fitted into the plan of organization, from your angle of it. A. As I recall, after the capitalization of the Hart and Hegeman Manufacturing Company had been brought into harmony,—

901

Q. That was done at meetings— A. As recorded in the minutes.

Q. Already identified? A. Yes. Then, I think, the steps are all shown in these minutes.

Q. Let us take the exhibits as we go along. Here is, for instance, Exhibit 10. That is the agreement under which you proceeded? A. That is the agreement.

Q. As amended? A. As amended. The recapitalization of the Hart and Hegeman Manufacturing Company was effected virtually as covered in the agreement.

902

Q. Commission's Exhibit 19, 20, 21, 22, 23,— A. The original 300,000 preferred stock of the Hart and Hegeman Manufacturing Company was called for payment and retired. Also, the preferred stock of the H. T. Paiste Company, 150,000, less the amount held in the treasury, was also called and retired. The funds for these were obtained 5,333 shares of the new preferred stock; the remaining 8,000 shares were issued as stock dividends.

Q. To holders of the Hart and Hegeman Manufacturing Company? A. Yes, sir, in accordance with the agreement.

903

Q. Then, what happened after the stock was put on a parity of a sixty to forty basis with the Arrow Manufacturing Company? A. Then, at a meeting of the stockholders of the Hart and Hegeman Manufacturing Company, held on October 1—

Q. That is Exhibit Number 23? A. Exhibit Number 23. The recommendation of the Board of Directors for a plan of organization of the holding company was approved, and the Board of Directors were authorized to approve further details of the plan from time to time, as may be required.

(There was a discussion off the record.)

904 *Samuel P. Williams—Direct.*

Q. I will ask you to identify these papers. Maybe They will help us. A. I identify this paper as a certificate of incorporation of Arrow-Hart and Hegeman, Incorporated, filed October 6, with the Secretary of State.

Q. This is a copy?

Mr. Gross: A certified copy.

A. Yes, a certified copy?

Q. And your name appears as one of the incor-
905 porators? A. Yes.

Mr. Haycraft: I offer that paper in evience.

Examiner Reeves: This document, consisting of three pages, will be received in evidence as Commission's Exhibit Number 31.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 31".)

Q. What is the next paper that you have there? A. This is a certified copy of the certificate of organization of Arrow-Hart and Hegeman, Incor-
906 porated, filed in the office of the Secretary of State October 6, 1927.

Mr. Haycraft: I offer that paper in evidence.

Examiner Reeves: This document, consisting of two pages, is received in evidence as Commission's Exhibit Number 32.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 32".)

(A short recess was taken.

907

Q. Mr. Williams, what book do you have there in your possession now? A. I have the official minutes of Arrow-Hart and Hegeman, Incorporated.

Q. And when was the first meeting held, according to that record of the incorporators and subscribers of that concern? A. It was held October 6, 1927.

Q. Is this a copy of the minutes of the first meeting (handing a paper to the witness)? A. Yes, sir.

Q. Do you know whether that is a correct copy? Was it read back? A. It might have been read back, but I am not responsible for that.

908

Mr. Gross: I will ask Miss Shea.

(There was a discussion off the record.)

Mr. Hayeraft: I offer the copy in evidence, it being understood that it is a correct copy of the original minutes.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit Number 33.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 33".)

909

Mr. Gross: No, they did not read it back. Why don't you just offer it now, and we will have it read back later?

Mr. Hayeraft: Yes.

(There was a discussion off the record.)

Q. What is this paper which I hand you now? A. This is the minutes of the first meeting of the Board of Directors of Arrow-Hart and Hegeman, Incorporated, held on October 6, 1927, at 10:15 a. m.

910 *Samuel P. Williams—Direct.*

Q. This meeting was held fifteen minutes after the meeting of the incorporators and subscribers, which is Commission's Exhibit Number 33? A. Yes.

Mr. Haycraft: I offer these minutes in evidence.

Examiner Reeves: This document, consisting of three pages, is received in evidence as Commission's Exhibit Number 34.

(The document referred to was received in
911 evidence and marked "Commission's Exhibit Number 34".)

Q. Now, the next meeting, which was held in sequence, was the meeting of the stockholders on October 6, 1927, at 10:45 a. m.? A. Yes. I so identify it.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document is received in evidence as Commission's Exhibit Number 35.

(The document referred to was thereupon received in evidence and marked "Commission's
912 Exhibit Number 35".)

Q. And the next meeting was a meeting of the directors of the Arrow-Hart and Hegeman, Incorporated, on October 10, 1927, at ten a. m.; is that the next meeting? A. Yes, sir.

Q. Is this a copy of the minutes of that meeting? A. Yes, sir.

Mr. Haycraft: All right. I offer that in evidence.

Examiner Reeves: This document, consisting of three pages, is received in evidence as Commission's Exhibit Number 36.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 36".)

Q. Now I ask you to identify this paper. A. I identify this paper as the minutes of the stockholders meeting of Arrow-Hart and Hegeman, Incorporated, held October 10, 1927, at 10:30 o'clock.

914

(There was a discussion off the record.)

Mr. Haycraft: I offer this in evidence.

Examiner Reeves: This document is received in evidence as Commission's Exhibit Number 37.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 37".)

Q. I notice on Commission's Exhibit Number 34 that the Phoenix State Bank and Trust Company is designated as the transfer agent of the corporation in charge of the transfer of the stock. A. They were the transfer agents, yes, sir.

915

Q. I ask you to identify this paper which I hand you now. A. This is a list of the original common stockholders of Arrow-Hart & Hegeman, Incorporated, on October 6-10, 1927.

Mr. Cross: Certified by the—

A. (Continuing) —certified by the transfer agent, the Phoenix State Bank and Trust Company.

916 *Samuel P. Williams—Direct.*

Q. Can you testify as to the individuals on that exhibit that were stockholders of the Hart & Hegeman Corporation and received the stock of the old respondent in exchange for the stock of that corporation? Can you indicate as to that? A. As to whether they were?

Q. Yes, which ones were. A. As far as I know, they all were.

Q. Would that correspond to Schedule B attached to the agreement— A. Except in the—

Q. —Commission's Exhibit Number 10. A. It is
917 a combination of A and B, except as to the number of shares.

Q. What is the difference in the number of shares? A. The par value of the Arrow-Hart & Hegeman, Incorporated, was ten dollars, and that of the former companies had been twenty-five dollars. That is not the only difference. If I could only think out—

Q. Well, Mr. Williams, so far as that is concerned, the paper which was just identified is a complete list of the individuals who received stock of Arrow-Hart & Hegeman, Incorporated, at the time it was organized? A. Yes, sir.

918

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document, consisting of two pages, is received in evidence as Commission's Exhibit Number 38.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 38".)

(There was a discussion off the record.)

Q. Mr. Williams, do you have any further explanation of the number of shares that were issued to

the individuals named in this Exhibit Number 38? A. Yes, sir, I have. Speaking, for example, of the Hart & Hegeman Manufacturing Company stockholders, the same condition would exist as with the Arrow Electric Company. The original schedule of common stock of the Hart & Hegeman Manufacturing Company stockholders consisted of a total of eight thousand shares, of twenty-five dollars par value. This was increased to twenty thousand shares by a stock dividend of one and a half shares per each share formerly held. In that holding company the capitalization was arbitrarily, you might say, placed at 200,000, at a par value of ten dollars. 920

Q. You mean the old respondent, by that? A. Yes. Of which the Hart & Hegeman stockholders received in the proportion of forty to sixty or eighty thousand shares; so that the twenty thousand shares of twenty-five dollars par value became represented by eighty thousand shares of ten dollars par value; and those are the shares which are mentioned on this exhibit.

Q. Exhibit Number 38? A. Yes.

(There was a discussion off the record.)

Q. The number of directors of the old respondent were how many? Do you remember. A. I think it was nine. 921

Q. How were they divided? A. They were— Do you want the names?

Q. The companies. Whether they came from the Arrow organization or the Hart & Hegeman organization. A. There were two from the Arrow organization, and two from the Hart and Hegeman organization, and five from financial institutions.

922 *Samuel P. Williams—Direct.*

Q. Did you continue after October 10, 1927, as president of the Hart & Hegeman Manufacturing Company? A. Yes.

Q. Did you hold any office in the holding company, Arrow-Hart & Hegeman, Incorporated, the old respondent? A. Yes, the position of vice-president.

Q. After October, 1927, did you continue in charge of the business affairs of the Hart & Hegeman Manufacturing Company? A. Yes, sir.

Q. Who was president of the holding company?
923 A. Mr. Grier.

Q. What, if anything, did he have to do with the business of the Hart & Hegeman Manufacturing Company after October, 1927? A. He acted in an advisory capacity.

Q. What do you mean by that? A. Well, I might say that he interested himself to improve our manufacturing conditions and assistants, and gave us that experience which he had along those lines.

Q. Did Mr. Guett continue as your engineer? A. Yes.

Q. Did Mr. Everest continue as your sales manager? A. Yes, sir.

924 Q. What changes were made with respect to the Paiste organization in Philadelphia, if any? A. The manufacturing in Philadelphia was discontinued.

Q. When? A. According to my recollection, early in the fall of that year.

Q. 1927 or 1928? A. 1927.

Q. Soon after the organization? A. Soon after the formation of the old respondent, and the plant was closed as a manufacturing plant, and its machinery and products were removed to the Arrow plant.

925

Q. Here in Hartford? A. Yes, sir.

Q. After that plant was dismantled what did you do with it? A. It remained unoccupied, and was leased to various tenants.

Q. What became of Mr. Paiste? A. Mr. Paiste retired from business.

Q. How many men did he have employed in the manufacturing plant, approximately? A. Well, I suppose approximately about two or three hundred.

Q. Did they come over to Hartford after the change—a few? A. Very few.

Q. What about your porcelain plant in New Jersey? A. The operations of the porcelain plant were transferred to the Washington Porcelain Company, that is the Arrow subsidiary, and combined there for greater effectiveness.

926

Q. What did you do with the plant? A. The plant has been rented.

Q. The machinery has been taken out? A. No, not altogether. The machinery necessary to operate the company as a tile plant was left there.

Q. I ask you to identify this paper.

Mr. Gross: What is the date?

Mr. Haycraft: January 5, 1928.

927

A. This is a copy of the minutes of a meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held January 5, 1928.

Mr. Haycraft: I offer it in evidence.

Examiner Reeves: This document, consisting of two pages, is received in evidence as Commission's Exhibit Number 39.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 39".)

928 *Samuel P. Williams—Direct.*

Q. At the time that the holding company was organized, in October, 1927 and in referring to the holding company let the record show that reference is made to the old respondent how were the products of the Hart & Hegeman Manufacturing Company distributed and sold to the trade? A. The what we call "shelf goods", or strictly wiring devices, were sold to our jobbers, our wholesalers.

Q. Will you describe which you term shelf goods? A. Yes. The flush switches for control of lighting
929 circuits, flush receptacles for receiving attachment plugs, the attachment plugs themselves; sockets, both shell and candle, and porcelain rosettes, and cutouts.

Q. Are these wiring devices which you mentioned as shelf goods divided into schedules or classifications by the Department of Commerce for census-taking purposes? A. They are.

Q. How are they divided? A. According to my recollection, they are divided as— May I refer to this?

Mr. Gross: Yes, you may refer to anything
930 you wish.

A. The division of lamp sockets and receptacles, of which the subdivision is brass shell sockets and receptacles, porcelain sockets and receptacles, miniature and candelabra sockets.

Q. Does that have a letter or some designation? A. They do with us, but not with the government. We call that schedule B. Next, the government has snap switches. That includes flush, surface, and pendent. That would be our schedule S.

The next schedule would be attachment plug caps.

931

The next would be convenience outlets.

Q. Do you have a separate letter? A. No, those would be our schedule P.

The next is face plates, which would be included in our schedule H.

The next is miscellaneous.

Q. Under miscellaneous what would you include? A. I think most of that would go into our schedule H.

Q. The reason I want to get this at this time is because in future testimony we will probably refer to certain schedules.

932

(There was a discussion off the record.)

The Witness: This paper which I have in my hand is a classification of devices by schedules, as used in our statistical work and sales.

Q. And not in your catalogue? A. Yes, but it may not correspond exactly, but approximately.

Mr. Hayeraft: For the purpose of future reference, I would like to offer that in evidence at this time.

Examiner Reeves: This document is received in evidence as Commission's Exhibit Number 40.

933

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 40".)

Q. Here in Hartford did you make any change in your factories located here after October, 1927? A. We made a great many minor changes, looking to bring about a greater efficiency, yes, and greater economy.

934 *Samuel P. Williams—Direct.*

Q. Will you name some of them, and give the approximate time as best you can—the changes which took place after the first.

Mr. Gross: You have fifteen months of the old respondent's time in there?

Mr. Haycraft: Yes.

A. I would say that naturally the greatest change came about at the plant of the Arrow Company, because they absorbed the manufacturing process of the Paiste Company, which was a very, very large
935 undertaking, and therein the greatest economies came about. That was done during the early part of this period. At the Hart & Hegeman plant a number of changes were promoted and suggested at that time, some of which took effect, and others we have been carrying on since. It is difficult for me to say when and what was done, but we immediately began to organize for the best efficiency.

Q. At that time, in October, 1927, where did you have sales offices other than here in Hartford? A. In Chicago, New York, Philadelphia, and Boston.

Q. How about Atlanta? A. We had a commission agent, as I recall it, in Atlanta.

936 Q. Denver? A. Also a commission agent.

Q. Dallas? A. Commission agent.

Q. San Francisco? A. A commission agent.

Q. What was the arrangement that you had with these commission agents? A. You mean as to the rate?

Q. How were they handling goods? A. They received a commission of five to seven and a half per cent., according to the type of material, and so forth, on all that was sold in that territory.

Q. On the volume of sales? A. On the volume of sales.

Q. They covered the territory with salesmen? A. Yes, sir, their own salesmen.

Q. In the New York office, how many salesmen—Did you have a sales manager in charge there? A. Yes.

Q. Who was he at the time? A. A. F. Wilson.

Q. How many men did he have selling? A. Five or six.

Q. Did he continue in that office throughout that entire period? A. Yes.

938

Q. The same number of salesmen covering the territory? A. Yes.

Q. How about Boston? A. That was an error. We had a commission agent at that time in Boston.

Q. Who was the commission agent? A. Albert Mann.

Q. Did you ever have a branch office? A. Shortly afterward we did, yes. Immediately afterward we changed from a commission agent to our own representative.

Q. Who was that? A. J. W. Saladine.

Q. In Chicago? A. The name of our manager?

Q. Yes, sir. A. A. E. Lubeck.

939

Q. He is still your sales representative? A. Yes.

Q. How many salesmen did he have under him? A. Six or seven.

Q. You say he moved his office to Detroit? A. Yes.

Q. Covering the same territory there? A. Yes, in the main. He does not have quite as large a territory to look after as he did.

Q. Has he got the same number of salesmen? A. Yes, sir.

940 Q. And the Philadelphia office? A. Philadelphia was under the management of J. W. Alexander.

Q. At that time? A. Yes, sir.

Q. How many salesmen did he have? A. At that time he had two or three,—possibly three.

Q. Is he still in charge there? A. Yes, sir.

Q. Does he still have the same number of men? A. Yes, he has somewhat more.

Q. At Dallas? Who was your commission merchant there? A. His name was R. S. Wakefield.

941 Q. Has there been any change there? A. We discontinued that type of representation.

Q. When did you do that? A. I think it was in 1930.

Q. That would be true of your Atlanta, Denver, and San Francisco arrangement? A. The commission arrangement in Atlanta was discontinued earlier. San Francisco we still have, and also Denver.

Q. Who was your agent in San Francisco? A. Garnett, Young & Co.

Q. And Denver? A. Denver, A. E. Bacon.

Q. They have continued, have they? A. Yes, sir. Excuse me, A. E. Bacon is the present representa-

942 tive on a commission basis. The representative at the time the respondent was formed had a different name. I can't recall it.

Q. You can refer to your books. A. Do you wish me to refer to the books?

Q. Yes, I wish you would. A. The name of the Denver commission agent was R. F. Whitmore.

Q. And it is now Mr. Bacon? A. It is now A. E. Bacon.

Q. When was that change made? A. It was made either late in 1929 or early in 1930.

Q. And did you give me the Atlanta commission agent? A. The name was Clark Broward.

Q. He was discontinued in 1927 or 1928? A. In 1928, I think.

Q. San Francisco was Garnett, Young & Co., and still is? A. Yes.

Q. When you discontinued Broward at Atlanta, how did you cover that territory? A. We put our own representative there.

Q. And who is he? A. His name is Paul Ramsey.

944 (There was a discussion off the record.)

Q. For the sake of clarity in the record, refer back to Boston, in October, 1927. Did you say Albert Mann was your commission representative there? A. Yes, sir.

Q. And when was that office made a branch office? A. I think very close to that time.

Q. Do you have any way of fixing it definitely? A. By reference to our records I can.

Mr. Gross: Do it.

(There was a discussion off the record.)

945

A. That change was made on January 1, 1929.

Q. You mean Boston? A. Boston, yes, sir.

Q. In other words, Mann continued all during the balance of 1927 and 1928? A. Yes, sir.

Q. Now, at Philadelphia. A. Alexander continued.

Q. Through that fifteen months' period until January, 1929? A. Yes, sir; and he is still there.

Q. In Chicago Lubeck continued? A. Yes, sir.

946 *Samuel P. Williams—Direct.*

Q. And in San Francisco Garnett, Young & Co.? A. Continued; yes, sir.

Q. Atlanta, Broward went out in 1928 and your own man went in, Paul Ramsey? A. I think I had better refer to these.

(There was a discussion off the record.)

A. I wasn't so familiar with that. There were no changes in our field representatives prior to January 1, 1929.

947 Q. What happened to Broward? A. He was dropped because of his inefficiency.

Q. But it was in 1929; it was not in 1928? A. No, it had been in 1928; in fact, he wasn't representing us at the time of the old respondent in that territory. We were running it ourselves.

Q. Ramsey was there? A. No, it was run out of Philadelphia as a temporary expediency.

Q. And you continued it out of Philadelphia until when? A. Considerably later. I could not say just when.

By Mr. Gross:

948 Q. Until after January 1, 1929? A. Oh, yes, considerably.

By Mr. Brown:

Q. Might I ask: You were running that territory out of Philadelphia all during the period of the holding company, the old respondent? A. Yes.

(There was a discussion off the record.)

949

BY MR. HAYCRAFT:

Q. Can you, by consulting your records, or otherwise, testify as to the number of employees in your sales department in October, 1927, at the time the holding company was organized? A. I can by referring to these records.

Q. What, if any, changes were made in the fifteen months' period that we are talking about? If you can refresh your recollection of that, I wish you would do it, so I can get it in.

(There was a discussion off the record.) 950

Q. I ask you to identify this paper. A. This paper, dated October 10, 1927, gives the names of Edward R. Grier and Samuel P. Williams as subscribers to shares of capital stock of Arrow-Hart & Hegeman, Incorporated.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit Number 41.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 41.") 951

Q. I will ask you to identify this paper, which I hand you now. A. This is a memorandum dated November 9, 1928.

Q. The first sheet is a rough draft, and the second copy is a corrected copy, is that correct? A. Yes, sir.

Q. Who prepared it? A. It was prepared by counsel for publication in the Hartford papers,

announcing the vote of the Board of Directors to recommend to the stockholders the dissolution of Arrow-Hart & Hegeman, Incorporated.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document, consisting of two pages, is received in evidence as Commission's Exhibit Number 42.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 42.")

953 Q. I ask you to identify this paper, which I hand you now. A. This is a copy of the minutes of a special meeting of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held November 10, 1928.

Mr. Haycraft: That is offered in evidence.

Examiner Reeves: This document, consisting of two pages, is received in evidence as Commission's Exhibit Number 43.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 43.")

954 Q. The Exhibit 42 which you have just identified, is a press notice which was authorized by your counsel to be published? A. Yes, sir.

Q. With respect to the action of the meeting which you have just identified as Commission's Exhibit Number 43, is that correct? A. Yes, sir.

Q. I ask you to identify this sheaf of papers. A. Will these be introduced as one exhibit?

Q. Well, shouldn't they? A. Yes, I think so. I thought I would ask you. The first is a letter from

E. R. Grier, president, and Samuel P. Williams, vice-president, to stockholders of Arrow-Hart & Hegeman, Incorporated, dated November 10, 1928.

The second is a notice signed by B. C. Perkins, secretary, dated November 10, of a meeting of the stockholders to be held December 10, 1928.

Next is a form of proxy sent, which was also enclosed with the first letter.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document, consisting of three pages, is received in evidence as Commission's Exhibit Number 44. 956

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 44.")

Q. I will ask you to identify this paper, which I hand you now. A. I identify this as a copy of the minutes of the Board of Directors of Arrow-Hart & Hegeman, Incorporated, held November 30, 1928.

Mr. Haycraft: I will offer that in evidence.

Examiner Reeves: This document, consisting of three pages, is received in evidence as Commission's Exhibit Number 45. 957

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 45.")

Q. I will ask you to identify this paper. A. Page 1 is a letter of Edward R. Grier, president, and Samuel P. Williams, vice-president, dated December 1, 1928, to stockholders of Arrow-Hart & Hegeman, Incorporated. Sheet two is the call of the meeting by B. C. Perkins, secretary—the stockholders' meeting—to be held December 6, 1928.

958 *Samuel P. Williams—Direct.*

The third is a form of power of attorney, consent, and proxy, enclosed with the letter.

Examiner Reeves: Are you offering this?

Mr. Haycraft: Yes.

Examiner Reeves: This document, described by the witness, consisting of three pages, is received in evidence as Commission's Exhibit Number 46.

(The document refererd to was thereupon received in evidence and marked "Commis-

959 sion's Exhibit Number 46.")

Q. What is this paper? A. This is a notice of meeting, dated December 8, 1928, calling the meeting of the Board of Directors of the Hart & Hegeman Manufacturing Company, to be held December 11, 1928. It is also a copy of the minutes of the meeting of the Board of Directors of the Hart & Hegeman Manufacturing Company, held December 11, 1928.

By Mr. Gross:

Q. The notice is dated— A. Dated December 8,

960 Q. And minutes of meeting of the Board of Directors of— A. December 11.

Mr. Gross: I offer an objection, your Honor, to the admission of this evidence of a meeting of the Board of Directors of the Hart & Hegeman Manufacturing Company, as it relates to something which is entirely outside the scope of the Federal Trade Commission, namely, the formation of the new corporation, of which the

961

old respondent, namely, the Arrow-Hart & Hegeman, Incorporated, was not a party to or in any way connected with, and it relates to a matter that is not pertinent to the complaint issued by the Federal Trade Commission originally against the old respondent, and, therefore, I say it is irrelevant and immaterial to the issue raised by that complaint, and the matters therein contained are outside the jurisdiction of the Honorable Federal Trade Commission.

962

Mr. Haycraft: Of course, I understand that in going into this phase of the case, that it was covered by the supplemental complaint.

Examiner Reeves: The objection will be taken under advisement and a ruling thereon announced. In the meantime, I will read the paper.

(There was a discussion off the record.)

963

Mr. Gross: I assume, Mr. Haycraft, that with the consent of the Examiner, and by agreement with you, if my objection is once made, which is the same as raised in the motion to dismiss, that that may be taken as applying to all similar evidence, without restating the objection each time.

Examiner Reeves: I imagine you had better make a general objection on the record to affect this particular point that you are raising at all future points.

Mr. Gross: I therefore amplify the objection which I made to this particular piece of evidence with the understanding that I make the same objection to all evidence which in any way relates to the organization of what we know

as the new respondent, The Arrow-Hart & Hegeman Electric Company, and to all steps applying to its formation, and to its operation and to the conduct of the business under the new, merged, or consolidated company, which we know as the new respondent, it simply being my purpose that this objection may apply when your Honor comes to rule on evidence of the same nature.

Examiner Reeves: That will be kept in mind.

Mr. Gross: And my rights are preserved by
965 making my objection once, and the objection when it comes, if it is overruled, I have by this statement the benefit of an exception, so I have my rights before the honorable Federal Trade Commission. I suppose an exception is noted when the ruling is made.

Examiner Reeves: It will be so noted and so ordered.

Mr. Gross: Will that be marked?

Examiner Reeves: It is marked for identification, and the objection to the admission is taken under advisement.

It may be marked for identification as Com-
966 mission's Exhibit Number 47.

(The paper referred to was thereupon marked "Commission's Exhibit Number 47 for Identification".)

(There was a discussion off the record.)

Q. I call your attention to what purports to be the minutes of a special meeting of Arrow-Hart & Hegeman, Incorporated, the old respondent, dated December 6, 1928, which may also be found as part

967

of Exhibit C of the respondent's answer in this case to the supplemental complaint. A. I so identify it.

Q. And that is the meeting of the stockholders of the old respondent, which was held pursuant to the notice dated December 1, 1926? A. Yes.

Mr. Haycraft: I offer in evidence these minutes of the meeting of stockholders of Arrow-Hart & Hegeman, Incorporated, held on December 6, 1928, as has been described, and asked that it be marked Exhibit Number 48.

968

Mr. Gross: I will object to that.

Examiner Reeves: The objection of counsel for the respondent is taken under advisement.

(The paper referred to was marked "Commission's Exhibit Number 48 for Identification".)

Q. I call your attention to what purports to be the minutes of a special meeting of Arrow-Hart & Hegeman, Incorporated, held December 10, 1928, as a part of this same Exhibit C, attached to the respondent's answer to the supplemental complaint, and ask that it be marked Exhibit 49 for identification.

969

Examiner Reeves: This document may be marked as Commission's Exhibit Number 49 for identification.

(The paper referred to was thereupon marked "Commission's Exhibit Number 49 for identification.")

Mr. Haycraft: I offer it in evidence.

Mr. Gross: The same objection.

970 *Samuel P. Williams—Direct.*

Examiner Reeves: The objection is taken under advisement.

(There was a discussion off the record.)

Q. I ask you to identify this paper. A. I identify this paper, Mr. Hayeraft, as a non-negotiable receipt, issued December 7, 1928, by the Phoenix State Bank and Trust Company, as transfer agent of Arrow-Hart & Hegeman, Incorporated, of the Arrow-Manufacturing Company and of H. and H. Electric Company.

971 Q. What was the purpose of that receipt?

Mr. Gross: I object to that on the ground that the paper speaks for itself, rather than take it into the record.

Mr. Hayeraft: All right. I will offer it in evidence.

Examiner Reeves: Are there any objections?

Mr. Gross: I think these all ought to go in under the same objection.

Examiner Reeves: The objection is taken under advisement. In the meantime it may be marked for identification as Commission's Exhibit Number 50.

972 (The paper referred to was thereupon marked "Commission's Exhibit Number 50 for Identification".)

Q. What is that paper which I hand you now? A. This is a copy of the agreement of consolidation or merger between the Arrow Electric Company, the Hart & Hegeman Manufacturing Company, the Arrow Manufacturing Company, and the H. and H. Electric Company.

Q. What was your official position at that time with these respondent companies? A. I was president of the Hart and Hegeman Manufacturing Company, and president of the H. and H. Electric Company.

Q. That was the only position that you held in these companies? A. Yes, sir.

Mr. Hayeraft: I offer it in evidence.

Mr. Gross: I object to this document, if your Honor please, on the ground that it is an agreement between four companies, none of which 974
has any part to this proceeding.

Examiner Reeves: These objections will be taken under advisement. In the meantime the document may be marked for identification as Commission's Exhibit Number 51.

(The paper referred to was thereupon marked "Commission's Exhibit Number 51 for Identification".)

Mr. Gross: Do you want a printed copy instead of that?

(There was a discussion off the record.)

Q. I call your attention, Mr. Williams, to Commission's Exhibit Number 44, the joint letter from 975
Mr. Grier and yourself to the stockholders of the old respondent, that you formerly identified here, dated November 10, 1928, and ask you whether or not the agreement which you just identified, Commission's Exhibit Number 51 for Identification, was an agreement which was entered into pursuant to the plan proposed in Commission's Exhibit Number 44?

976 *Samuel P. Williams—Direct.*

Mr. Gross: I think that calls for a conclusion of law, Mr. Examiner.

Mr. Haycraft: No, Mr. Examiner. This man is a party to both. He can certainly tell whether he was acting pursuant to the idea.

(There was a discussion off the record.)

Q. I would like to change my question to read Exhibit 46, instead of Exhibit 44, which is a letter from Mr. Williams and Mr. Grier to the stockholders, under date of December 1, 1928, and refers to
977 the "Outline of plan of reorganization". Do you know whether or not this agreement, Exhibit Number 51 for Identification, is the agreement contemplated in the plan outlined in Exhibit 46? A. I believe it to be such.

Mr. Gross: I object to that as calling for a conclusion of law.

Examiner Reeves: The objection is overruled.

Mr. Gross: Exception.

Q. Will you identify these papers?

Mr. Gross: I would like to have them sep-
978 arately identified.

Mr. Haycraft: All right.

A. This letter (indicating) is from Edward R. Grier, president of the Arrow Electric Company, and Samuel P. Williams, president of the Hart and Hegeman Manufacturing Company, dated December 11, 1928, to the preferred stockholders of the Arrow Electric Company to the preferred stockholders of the Hart & Hegeman Manufacturing Company.

Mr. Haycraft: I offer it in evidence.

Mr. Gross: I object to it on the same ground.

Examiner Reeves: The objection is taken under advisement, and in the meantime the paper may be marked for identification as Commission's Exhibit Number 52.

(The paper referred to was thereupon marked "Commission's Exhibit Number 52 for Identification".)

The Witness: This paper (indicating) is a notice dated December 11, 1928, signed by Robert C. Buell, secretary, of the meeting of pre- 980
ferred and common stockholders of the Hart & Hegeman Manufacturing Company, to be held December 31, 1928. The next is a proxy for that meeting.

By Mr. Gross:

Q. May I just notice what it says on the first line? A proxy for what? A. For the holders of preferred stock.

Mr. Haycraft: I offer the two papers in evidence as one exhibit.

Examiner Reeves: Are there any objections? 981

Mr. Gross: The same objection, if your Honor please.

Examiner Reeves: These objections are taken under advisement, and in the meantime, the two documents described by the witness may be marked for identification as Commission's Exhibit Number 53.

(The two documents referred to were thereupon marked "Commission's Exhibit Number 53 for Identification".)

982 *Samuel P. Williams—Direct.*

By Mr. Haycraft:

Q. I ask you to identify this paper. A. This is a notice signed by E. Bosworth Grier, assistant secretary, and dated December 11, 1928, calling a meeting of the preferred and common stockholders of the Arrow Electric Company, to be held December 31, 1928. The next is a proxy for the same meeting for the use of preferred stockholders of the Arrow Electric Company.

983 Mr. Haycraft: I offer that in evidence.

Mr. Gross: The same objection.

Examiner Reeves: The objection is taken under advisement, and in the meantime the document described by the witness may be marked for identification as Commission's Exhibit Number 54.

(The document referred to was thereupon marked "Commission's Exhibit Number 54 for Identification".)

Q. I ask you to identify this paper. A. This is a call for a meeting of stockholders of the Arrow Manufacturing Company, dated December 11, 1928,
984 said meeting to be held December 31, 1928, signed by Harvey C. Pond, secretary. The second is a notice of a meeting of the stockholders of the H. & H. Electric Company, dated December 11, 1928, signed by John R. Cook, secretary, said meeting to be held December 31, 1928.

Mr. Haycraft: I offer this in evidence.

Mr. Gross: I make the same objection.

Examiner Reeves: The objections are taken under advisement, and in the meantime the two

documents last described by the witness may be marked for identification as "Commission's Exhibit Number 55.

(The two documents referred to were thereupon marked "Commission's Exhibit Number 55 for Identification".)

Q. I show you what purports to be the notice of a special meeting of the stockholders of the Hart & Hegeman Manufacturing Company, held on December 31, 1928, as part of Exhibit F, attached to the respondent's answer in this proceeding to the supplemental complaint, and ask if you can identify 986
that document. A. I do identify it as such.

Mr. Haycraft: I offer it in evidence.

Mr. Gross: The minutes of the special meeting of stockholders of the Hart & Hegeman Manufacturing Company of December 31, 1928?

Mr. Haycraft: That is the one. I offer it in evidence.

Examiner Reeves: Are there any objections?

Mr. Gross: I object, if your Honor please, on the ground that this is a document which has nothing to do with the old respondent. 987

Examiner Reeves: The objection is taken under advisement, and in the meantime the document may be marked for identification as Commission's Exhibit Number 56.

(The document referred to was thereupon marked "Commission's Exhibit Number 56 for Identification".)

Q. Can you identify this paper? A. I identify this paper as a certificate filed in the office of the Secretary of State and approved December 10, 1928.

988 *Samuel P. Williams—Direct.*

Q. What is the title of it? A. There is no title.

Mr. Gross: In law it is called a preliminary certificate of dissolution.

Q. Did you prepare the original paper? A. I did not. It was prepared by counsel, certifying that the Board of Directors of Arrow-Hart & Hegeman, Incorporated, had voted to terminate its corporate existence. They voted on November 10, 1928, to terminate its corporate existence.

989 Q. Your name appears there as one of the signers? A. That is perfectly true.

Mr. Haycraft: I offer the paper in evidence.

Mr. Gross: No objection.

Examiner Reeves: This may be received in evidence as Commission's Exhibit Number 57.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 57".)

Q. Will you identify this paper? A. I identify this paper as the final certificate of dissolution of Arrow-Hart & Hegeman, Incorporated, filed April
990 11, 1929, in the office of the Secretary of State, Hartford, and approved by the secretary.

Mr. Haycraft: I offer that in evidence.

Mr. Gross: No objection.

Examiner Reeves: This may be received in evidence as Commission's Exhibit Number 58.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 58".)

Q. I ask if you can identify this paper. A. This is a copy of the liquidation meeting—

991

Q. Of the minutes? A. Of the minutes of the liquidation meeting of the trustees of Arrow-Hart & Hegeman, Incorporated, held April 11, 1929.

Mr. Haycraft: I offer that in evidence.

Mr. Gross: No objection.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit Number 59.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 59".)

992

Q. What is this paper which I hand you now? A. This is an unofficial or informal notice to directors who are to serve the Arrow-Hart & Hegeman Electric Company,—

Q. That is the new respondent. A. —of a meeting to be held January 1, 1929.

Q. Did you prepare it? A. I think I did.

Q. What are the other papers? A. Then there is a letter from myself to Arthur P. Day, dated December 26,—

Q. The same year? A. In 1928, transmitting the waiver of a special meeting of the Board of Directors of the Arrow-Hart & Hegeman Electric Company to be held January 1, 1929, and likewise the memorandum last described.

993

Mr. Haycraft: I offer the three papers in evidence.

BY MR. GROSS:

Q. Where was Mr. Day? A. Addressed Arthur P. Day, Saint Augustine, Florida.

994 *Samuel P. Williams Direct.*

By Mr. Haycraft:

Q. Who was he before you addressed that letter to him, or at the time you addressed it?

Mr. Gross: You mean in connection with the proposed agreement?

Mr. Haycraft: Yes, in connection with anything that had to do with this case.

A. What was his official position, you mean?

995 Q. Yes.

Mr. Gross: What he meant, he was to be a director in the new company.

Q. What was he at the time the letter was written?

(There was a discussion off the record.)

A. He was named in the agreement of consolidation or merger as one of the persons who were to be directors.

Q. Was he formerly connected with the Hart & 996 Hegeman Manufacturing Company? A. He was at one time.

Q. He is the same man about whom we have talked before as being elected to take the place of Mr. Morris? A. Yes, and it is my recollection that he resigned.

Mr. Haycraft: I offer the papers in evidence.

Examiner Reeves: Are there any objections?

Mr. Gross: The same objection; it is relating to something outside the jurisdiction of the Commission.

Examiner Reeves: These papers, identified by the witness, may be marked for identification as Commission's Exhibit Number 60.

The objection to their offer in evidence will be taken under advisement.

(The papers referred to were thereupon received in evidence and marked "Commission's Exhibit Number 60 for Identification".)

Q. I ask you to identify this paper. A. I identify this paper as a letter by myself, written January 1, 1929, to Arthur P. Day, at Saint Augustine, Florida. 998

Q. It is a copy of the carbon? A. Yes.

Q. In the second paragraph reference is made to a report prepared by Mr. Grier for the first directors' meeting. Do you have a copy of that report? A. No, sir, I have not. It had been a general talk that the president of any company will deliver to his stockholders, and I thought afterwards— You asked me about it before—and it very likely was the gist of what was later published in our report to the stockholders, January 28, 1929.

Q. I will just attach these two together, if you think that is what it is about. A. It must be about that, I think. 999

Mr. Haycraft: I offer the two documents in evidence.

Mr. Gross: The same objection.

Examiner Reeves: The objections are taken under advisement, and it may be marked for identification as Commission's Exhibit Number 61.

(The papers referred to were thereupon marked "Commission's Exhibit Number 61 for Identification".)

1000 *Samuel P. Williams—Direct.*

Q. I will ask you to identify this paper. A. This is identified as a copy of the minutes of the Board of Directors' meeting of the Arrow-Hart & Hegeman Electric Company, held on January 1, 1929.

Mr. Haycraft: I offer it in evidence.

Mr. Gross: The same objection, on the ground of the jurisdictional points, sir.

Examiner Reeves: The objection is taken under advisement, and the document, consisting of three pages, may be marked for identification as Commission's Exhibit Number 62.

1001

(The document referred to was thereupon marked "Commission's Exhibit Number 62 for Identification".)

Q. I ask you to identify this paper. A. This is a copy of the by-laws of the Arrow-Hart & Hegeman Electric Company.

By Mr. Gross:

Q. Of the new respondent? A. Yes.

By Mr. Haycraft:

1002

Q. When were they adopted? A. They were adopted January 28, 1929, at the first annual meeting of the new respondent.

Q. Will you produce the copy of the minutes of that annual meeting and have it attached to these by-laws? I will offer it as one exhibit.

I offer it as Exhibit Number 63.

Mr. Gross: I object to it on the same ground.

Examiner Reeves: The document may be marked for identification as Commission's Ex-

hibit Number 63, and the objection to its introduction in evidence will be taken under advisement.

(The document referred to was thereupon marked "Commission's Exhibit Number 63 for Identification".)

(The minutes of the annual meeting referred to were later furnished and are now part of Commission's Exhibit Number 63 for Identification.)

Q. I will ask you to identify this paper. A. This is a copy of the minutes of the Board of Directors' 1004
meeting of January 28, 1929, of the Arrow-Hart & Hegeman Electric Company.

Q. The new respondent? A. The new respondent.

BY MR. GROSS:

Q. That is where they elected officers? A. Yes.

Mr. Haycraft: I offer it in evidence.

Mr. Gross: The same objection.

Examiner Reeves: The document identified by the witness may be marked for identification 1005
as Commission's Exhibit Number 64, and the objection to its introduction in evidence is taken under advisement.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 64 for Identification".)

BY MR. HAYCRAFT:

Q. I ask you to identify this paper. A. This is a list of common stockholders of Arrow-Hart & Hegeman, Incorporated.

1006 *Samuel P. Williams—Direct.*

Q. The old respondent? A. The old respondent. That was at the close of business, November 30, 1928.

Q. Prepared by whom? A. Prepared by the Phoenix State Bank and Trust Company.

Q. As official transfer agent? A. Yes.

Mr. Haycraft: I offer the exhibit in evidence.

Mr. Gross: No objection.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit Number 65.

1007

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 65".)

Q. Does the transfer agent now have custody of the cancelled shares of stock? A. No.

Q. What has happened to them? A. They are in the hands of the owners as represented in that list.

Q. Can you explain why that is so? A. That was so arranged on advice of counsel, feeling that the surrender of the shares might involve a question of income tax.

1008

Q. Just what happened, then, to the shares of stock of the old respondent? A. Those remained with the owners.

Q. What were they required to do? A. They were required to bring them to the transfer agent, to be marked with the rubber stamp, showing that they assent to the plan of reorganization.

Q. And the paper that you have before you: Does it contain a true copy of the stamp that was placed on all shares of stock issued by the old respondent? A. It does.

1009

Q. Was there any other reason for having the stock submitted to the transfer agent for stamping with this stamp that you have identified? A. Yes, it was also to cover any stock which might have been pledged for collateral.

Q. Do you mean for the protection of the bank that made the loan? A. For the protection of the bank that made the loan.

Mr. Haycraft: I offer this sheet containing the stamp that the witness has just referred to in his testimony.

1010

Examiner Reeves: This document will be received in evidence as Commission's Exhibit Number 66.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 66".)

(There was a discussion off the record.)

Mr. Haycraft: I think that is all for tonight.

Examiner Reeves: Will it be agreeable for counsel for the respondent and for the Commission if an adjournment is taken until ten o'clock, daylight saving time, tomorrow?

Mr. Haycraft: That is all right for me.

1011

Mr. Gross: Yes, sir.

Examiner Reeves: The hearing will be adjourned to Tuesday morning, May 26, at ten o'clock A. M., daylight saving time.

(Whereupon, at 4:10 P. M. Eastern Standard Time, an adjournment was taken to Tuesday, May 26, 1931, at ten o'clock A. M. Daylight Saving Time.)

1012 *Samuel P. Williams—Direct.*

Conference room, Arrow-Hart & Hegeman Electric Co., 103 Hawthorne Street, Hartford, Connecticut.

May 26, 1931.

Met pursuant to adjournment, 10 a. m. daylight saving time.

Before—WILLIAM C. REEVES, *Examiner.*

APPEARANCES:

1013

E. F. HAYCRAFT, attorney for the Federal Trade Commission.

CHARLES WELLES GROSS and WALLACE W. BROWN, of GROSS, HYDE AND WILLIAMS, 49 Pearl Street, Hartford, Connecticut, attorney for the respondent.

ARTHUR F. SHIPMAN, of SHIPMAN AND GOODWIN, 15 Lewis Street, Hartford, Connecticut, attorney for the respondent.

1014 PROCEEDINGS.

SAMUEL P. WILLIAMS, resumed.

DIRECT EXAMINATION (Contd.) BY MR. HAYCRAFT:

Q. When the new respondent was formed, what, if any, position did you have in its organization? A. At the time of the formation of the new respondent, my position was that of vice-president of the old respondent.

Q. And then what position did you assume in the new respondent? A. The position of vice-president and treasurer.

Q. The same as you had in the old company? A. Yes, and treasurer.

Q. What were your duties as vice-president in the new respondent? A. In the new respondent?

Q. Yes. A. Under the president I maintained contact with all departments of the business, with no particular specific duties.

Q. Who had charge of the business which had formerly been conducted by the Hart & Hegeman Manufacturing Company—under the old respondent? 1016 A. As far as the sales matters were concerned, that was largely—it was entirely assumed by the sales manager, Mr. Everest, and as regards any general factory duties, they were distributed among other persons.

Q. Could you name the persons you have in mind, and their relative positions assigned to them under the new respondent, after January 1, 1929? A. Mr. Cook became either more active and responsible in respect to the sales end,—in the appliance sales, and Mr. Inch was given full and independent charge of the accounting, and, as I said before, I did not have any considerable contact with the factory at 1017 any time.

Q. Mr. Guett was still in charge? A. Mr. Guett we looked to for the entire mechanical and technical supervision.

Q. By that you mean the entire business of the new respondent? A. Of the entire business.

Q. Not only the Hart & Hegeman division, but also the Arrow? A. Yes, sir.

Q. Did you have anyone similarly in charge of the sales end of the business? A. Yes, sir. Both of those men, Everest and Cook.

1018 *Samuel P. Williams—Direct.*

Q. They are in charge of the sales of the entire business of the new respondent, including the sales that are manufactured by the Hart & Hegeman division as well as by the Arrow division? A. No, Mr. Everest has no connection with the sales of the Arrow division, but only of the sales of those of the Arrow-Hart & Hegeman division.

Q. But Mr. Guett is in charge of all of the factories of the new respondent? A. As mechanical expert, yes.

Q. And who is president of the new respondent?
1019 A. Mr. Edward R. Grier.

Q. He was president of the old respondent also? A. Yes, sir.

Q. And as such is in charge of all the business of the new respondent in an executive capacity? A. In an executive capacity.

Q. And are you his assistant with respect to certain duties relating to all the business, or only that portion which relates to the Hart and Hegeman division? A. Mainly that portion, but not necessarily exclusively so.

Q. Just how is the so-called Hart and Hegeman division separate and distinct from the Arrow? A.
1020 You are speaking of the present time?

Q. Since January, 1929. A. The separation between the two is absolutely complete so far as all sales matters are concerned. They have separate sales managers, a separate staff of salesmen in the field.

Q. Have there been many changes in the personnel or sales managers in the field since January 1, 1929? A. There have been some changes.

Q. Are you able at the present time to furnish us the information I requested yesterday with respect to the changes in personnel during the fifteen

months' period from October 17, 1927, to January 1, 1929? If so, I would prefer if you testify to that now and then add the changes that have been made since January 1, 1929. A. As to the sales organization during the period of the old respondent, the record which I have shows that at the commencement of that period— Do you wish the details in the different territories?

Q. Yes. A. In New York we had one manager and four salesmen operating out of New York City; one salesman operating in the state of New York, and those were the same at the close of the year 1928. 1022

In Chicago territory we had one manager and eight salesmen. Those were also the same at the close of the year 1928.

In Denver and in Texas we had a commission agent.

Q. That is Dallas, Texas, isn't it? A. Yes, sir, Dallas. They were also the same at the close of the period.

In New England we had a commission office in Boston, which remained the same during the period.

In Philadelphia, a manager and three salesmen. During 1928 one salesman was added.

In Canada we had one manager, and during 1928 one salesman was added. 1023

On the Pacific Coast, a commission office, which remained the same during the period.

In Atlanta, two salesmen, and it remained the same during the period.

Q. Now, just a few general questions about that set up. The names that you gave yesterday were correct, weren't they? A. Yes.

Q. On what class of trade were those salesmen, under the branch manager, supposed to call? A.

1024 These men were calling upon contractors, architects, industrial companies, and to some extent upon jobbers of the Hart and Hegeman Manufacturing Company.

Q. In making these calls on architects and contractors, did they do that by themselves or along with salesmen of the jobbers? A. They called upon them by themselves.

Q. Did they attempt to have business—that is, orders to be placed with the Hart & Hegeman Manufacturing Company? A. No, sir, they were call-

1025 ing in a missionary capacity.

Q. Just what did they do in making these calls? A. In the case of the architects they would show samples of our material and undertake to have our materials written into the specifications for the construction of any projects which were on the architects' boards.

Q. How were the orders for such products to be placed? A. We had no control with the placement of orders. If we were fortunate enough to have them specified we had to take the chance that the contractors would use those goods, and would obtain them through his jobber.

1026 Q. He would go to his regular source of supply and demand them? A. Yes.

Q. Did those salesmen also make calls upon manufacturers who might use your devices in their equipment, such as vacuum cleaners, radios, and so on? A. On some occasions it was necessary to send a man to follow up some inquiry, but the majority of that work at that time was done from the Hartford office.

Q. What is the customary procedure in sales of that kind? That is, do you solicit from the manufacturer or does the manufacturer come to see you

1027

and ask if you can produce a certain article? A. A great deal of business is secured that way without any solicitation on our part. Of course, that is not so in all cases. We do solicit business where we hear of any new development which provides for current control. Either we get in contact with that company and make them an offer to design it or produce the thing which will best fit the case.

Q. Is that usually handled from the Hartford office? A. It is very largely direct from Hartford, although we employ at the present time a special staff of salesmen who are qualified technically to handle such matters.

1028

Q. Was that true in that fifteen-month period that I am trying to restrict myself to? A. I was not aware of the fact that you were trying to restrict yourself to that period.

Q. Yes. A. No, it was not true to the extent that it is now.

Q. If I understand your testimony correctly, Mr. Cook had charge of that type of work at that time? A. He did.

Q. The balance of your testimony, however, would apply to that period? A. In the main, I think, yes, sir.

Q. Can you identify this catalog? A. Yes, I identify this as catalog S of the Hart & Hegeman Manufacturing Company.

1029

Q. When was it published? A. It was issued in 1926.

Q. How long was it in force? A. I could not answer that. I could not tell you.

Q. Well, who could? A. The advertising manager of the Hart & Hegeman division, Mr. Peck.

Q. He has been your advertising manager how long? A. Since approximately 1923 or 1924, I should say.

1030 *Samuel P. Williams—Direct.*

Mr. Haycraft: I ask that this be marked for identification.

Examiner Reeves: The catalog referred to by counsel will be marked for identification as Commission's Exhibit Number 67.

(The catalog referred to was thereupon received in evidence and marked "Commission's Exhibit Number 67, for identification.")

(There was a discussion off the record.)

Mr. Gross: I have no objection to that going in.

1031 Examiner Reeves: The catalog marked for identification as Commission's Exhibit Number 67 is received in evidence as Commission's Exhibit Number 67.

(The catalog referred to was thereupon received in evidence and marked "Commission's Exhibit Number 67.")

Q. I ask if you can identify this paper, Mr. Williams. A. This is a list of preferred stockholders of the Hart & Hegeman Manufacturing Company as of October 10, 1927.

Q. That was prepared by whom? A. Prepared by the Hartford National Bank and Trust Com-

1032 pany, transfer agent.

Mr. Haycraft: I offer that in evidence, with that identification.

Examiner Reeves: This will be received in evidence as Commission's Exhibit Number 68.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 68.")

Q. I ask you to identify this paper. A. I identify this as a list of preferred stockholders of the Arrow

1033

Electric Company. That is dated October 10, 1927, and was prepared by the Hartford National Bank and Trust Company, the transfer agent.

Q. And prepared at your request? A. At my order in response to your request, Mr. Haycraft. You can say the same for the first one there.

Mr. Haycraft: Yes. I offer that in evidence also.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit Number 69.

(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 69.")

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Q. I ask you to identify this paper. A. This is a list of preferred stockholders of the Hart & Hegeman Manufacturing Company as of December 31, 1928, prepared by the Hartford National Bank and Trust Company, transfer agent, at my order in response to the request of Mr. Haycraft, counsel for the Commission.

Examiner Reeves: This is received in evidence as Commission's Exhibit Number 70.

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(The document referred to was thereupon received in evidence and marked "Commission's Exhibit Number 70.")

Q. I ask the same question with respect to the paper which I now hand you. A. This is a list of preferred stockholders of the Arrow Electric Company as of December 31, 1928, prepared by the Hartford National Bank and Trust Company, transfer agent, at my direction, to comply with the request of Mr. Haycraft, counsel for the Commission.

1036 *Samuel P. Williams—Direct.*

Mr. Haycraft: I offer it in evidence.

Mr. Gross: No objection.

Examiner Reeves: This is received in evidence as Commission's Exhibit Number 71.

(The paper referred to was thereupon received in evidence and marked "Commission's Exhibit Number 71.")

(There was a discussion off the record.)

Q. As treasurer of the new respondent corporation, I will ask you whether or not the provisions
1037 of the agreement, consolidation, and merger, Commission's Exhibit Number 51 for identification, with respect to the issuance of stock of the new corporation, were carried out? A. Yes, sir, they were.

Q. So that at the time the new corporation came into existence, in January, 1929, its stockholders were all stockholders whose names appear in this proceeding on exhibits?

Mr. Gross: I object to that, if your Honor please, because as a matter of fact, while I am perfectly willing to state that they became such, they did not become by operation of law,
1038 because the respondent's stock did not go into the new respondent. That went through those two little companies. The old respondent's stock was shaken down in the Arrow Manufacturing Company to the H. & H. Electric Company, and they went through, and as a matter of fact, they were the same people, but they would not become so as a matter of law.

The Witness: I can get that for you.

(There was a discussion off the record.)

Q. Now, Mr. Williams, I guess you are ready to tell us what happened in the way of changes in the

1039

sales organization of the new corporation after January 1, 1929, so far as the Hart & Hegeman is concerned. A. I am sorry I have not the information to state that.

Q. Who would be in a position to give that? A. It would probably require some investigation, as we had no records except as we picked them out, but we can have it made up for you.

Mr. Gross: Mr. Pond and Mr. Everest would be the men to do that.

Mr. Haycraft: Yes.

The Witness: Do you want me to get it now?

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Mr. Gross: Have him testify to it rather than Mr. Williams.

Mr. Haycraft: Yes.

The Witness: Shall I speak to them now?

Mr. Haycraft: Yes.

Examiner Reeves: We will take a recess.

(A short recess was taken.)

Mr. Haycraft: That is all now.

Examiner Reeves: You may cross-examine the witness.

CROSS EXAMINATION BY MR. GROSS:

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Q. Mr. Williams, in your direct testimony, in speaking of some of the economies that were effected during the period of the old respondent, that is, during the fifteen months from October, 1927, to December 31, 1928, you testified that the Paiste plant, in Philadelphia, was discontinued, and the equipment and products were brought over to the Arrow plant in Hartford. Was that a purchase by Arrow from Paiste? A. Yes, sir.

Q. Paid for by Arrow to Paiste? A. Yes.

1042 Q. What did they buy? A. They bought the machinery and the equipment and the inventory—merchandise inventory.

Q. Goods in the process of manufacture, and so forth? A. Yes.

Q. And after that what was done? Whether or not then the Arrow made for Hart & Hegeman the sockets which Paiste had previously made? A. Yes, the sockets and all other materials, and sold them to the Hart & Hegeman Manufacturing Company.

Q. That was then a sale from the Arrow Electric
1043 Company to the Hart & Hegeman Manufacturing Company and charged to them accordingly? A. Yes, sir.

Q. During that same period of fifteen months, whether other economies were made, for instance, in connection with the machinery for making plates. If so, how did that operate between the Hart & Hegeman Manufacturing Company and the Arrow Electric Company? A. On account of equipment, the special automatic machinery which Hart & Hegeman had for that type of work, the Hart & Hegeman Manufacturing Company manufactured plates for the Arrow Electric Company, which they bought from Hart & Hegeman.

1044 Q. And paid for as though they were outside concerns? A. Yes, sir, that is true.

Q. In each case it was a commercial transaction in the usual course of business between the two companies? A. And strictly so, and accounted for.

Q. Now, whether or not the same economies were effected by the use of the automatic screw machines? A. Yes, there were such economies affected.

Q. Whether Arrow made parts on the automatic screw machine, which they sold to Hart & Hegeman? A. They did. There were times when our

capacities were insufficient, and we bought automatic screw parts from the Arrow Electric Company.

Q. In other words,— A. (Continuing) and we also bought a certain amount of their equipment and made our own.

Q. Whether or not these effected economies in manufacture for the benefit of the respective companies involved? A. In each case they effected very material economies.

Q. Whether or not during that same period of fifteen months the Arrow Company for a consideration allowed the Hart & Hegeman Manufacturing Company the benefit of their expert men in the statistical and planning departments and paid for it? A. Yes, the Arrow Company furnished to Hart & Hegeman some of their particularly qualified employees, whose salaries were paid by Hart & Hegeman, to assist the latter company in improving their statistical and their production system.

Q. Whether or not Mr. Monroe Guett, the inventive genius of the Hart & Hegeman Manufacturing Company, was during that same period available for conference and advice to the men of the Arrow Company? A. Yes, and he was, very effectively.

Q. Whether or not to a certain extent the same transaction as took place when the Arrow bought the Paiste equipment, was involved when the Trenton works of the Hart & Hegeman Manufacturing Company were closed down, and the manufacture of porcelain parts was transferred to the Washington, New Jersey, plant of the subsidiary of Arrow Company? A. Yes, it was a similar transaction. Such machinery as was used, and also raw material, and parts, and so forth, were bought by

1048 *Samuel P. Williams—Cross.*

the Washington Porcelain Company, and it therefore manufactured porcelain for the Hart & Hegeman Manufacturing Company and bill such materials to it.

Q. When was the Hart & Hegeman Company first organized and where? A. It was first organized in Kansas City as a partnership between Mr. Hart and Mr. Hegeman, in 1890.

Q. Was Mr. Guett connected with them in Kansas City? A. He was their first employee.

Q. And he has been connected with them since? He came to Hartford and has been with them since?
1049 A. Yes, continuously.

Q. Will you give a brief history of the company and the changes by which the company finally came under the management of the Mr. Shiras Morris? A. In 1891, the partnership moved to Hartford and was incorporated under the Connecticut laws. Shortly after that Mr. Albert H. Peas bought an interest in the corporation, and he continued there after the retirement of Mr. Hegeman, and also, after the retirement of Mr. Hart, Mr. Peas became president, and continued as such until, I think, in the year 1909, when he died. Meanwhile, Shiras
1050 Morris had been employed, about the year 1896 or 1897.

Q. After he graduated from Trinity College in Hartford? A. After he graduated from Trinity College in Hartford, and he became Mr. Peas' right-hand man.

Q. After Mr. Peas died did he become the largest owner of the company? A. He acquired the majority of the stock of the company after Mr. Peas' death, and became president of the company.

Q. And at the time of his death, I think it has been testified to, either he or he with his family

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and the trust created by him, the Hartford Connecticut Trust Company, controlled the majority of the stock of the company? A. They did.

Q. Will you give something of the type of Mr. Shiras Morris—as the dominant man in this company, as he operated the company—the nature of his operating it? A. Mr. Morris was a very powerful type of man. He had a very broad acquaintance in the industry, and he kept very close control of the entire operations of the Hart & Hegeman Manufacturing Company, within his own hands, personally.

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Q. The old type of a one-man's concern? A. Yes, I think you would call it that.

Q. Everybody reported to him, and he had his fingers on the pulse of everything? A. Yes.

Q. When did you go with the company? A. In September, 1918.

Q. And you were Mr. Morris's right-hand man in a confidential capacity, particularly along the line of sales and finances. A. I believe that I was, yes, sir.

Q. Mr. Morris died on February 2, 1927, and you testified, in response to questions of counsel for the Commission, that in the early part of July, 1927, Mr. Grier first took up with you the negotiations which finally resulted in the holding company. Will you tell us whether or not between the period from February 2, 1927, when Mr. Shiras Morris died, and early in July, when Mr. Grier came to you, there were other negotiations looking to the sale of the company or to other forms of corporate reorganization of the company.

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Mr. Haycraft: That is objected to as incompetent, irrelevant, and immaterial, and as not within the issues of this case.

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Mr. Gross: I claim it, your Honor, on the ground that I want to show that the death of Shiras Morris was the controlling factor in bringing this about, and that it will develop from the testimony, if it is admitted, that not only did the Arrow Company become the logical purchaser of this company that was without an operating head, but also that other negotiations virtually determined that it become about the only one.

Examiner Reeves: The objection is over-

1055 ruled.

Mr. Gross: Answer the question.

Mr. Haycraft: Exception.

A. In answer to that question, it is true, that under the necessity of permitting the Morris interests to withdraw, I did, on behalf of the company, make a considerable number of efforts to dispose of the company in a proper way.

Q. Without disclosing the names, which would be confidential, were any of those negotiations of such a nature that the company could have been sold for a proper figure or in a proper way to any-

1056 one else other than it was finally accomplished?

Mr. Haycraft: I wish to renew my objection on that, and add the further reason that this question calls for a conclusion which this witness is not entitled to draw from the facts. It is not proper cross examination. We are going into a field which, to my mind, is entirely foreign to the issue in this case. I can see where it is leading us.

Mr. Gross: I claim it on the ground that this gentleman as president of the company follow-

ing the death of Shiras Morris, was charged with the responsibility for the successful operation of the company without an operating head. He was also charged with the responsibility to his stockholders, who had large investments in his hands. It was peculiarly within his knowledge, and I claim it particularly as the basis for his ultimate conclusion that it was proper and right to do what was ultimately done, dispose of the company in the way it was done. It is the basis on which he justifies what was ultimately done.

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Mr. Hayeraft: But that is not an issue.

Examiner Reeves: Let the reporter read the question.

(The last question was read by the reporter.)

Examiner Reeves: The objection is sustained.

Mr. Gross: Will your Honor grant me an exception?

Examiner Reeves: An exception may be noted.

Q. During the negotiations, between February and July, did you ever receive a cash offer for your company, which, in your opinion, was an adequate consideration for the inherent value of the company, as you knew it to be?

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Mr. Hayeraft: I object to that as immaterial.

Examiner Reeves: It probably is immaterial, but the objection is overruled.

Mr. Hayeraft: Exception.

A. I received no such offer.

Q. Did you receive any other offers which would look to the amalgamation or reconstruction of the

1060 capital structure of the Hart & Hegeman Manufacturing Company, in connection with other companies, which, in your opinion, were not proper from the point of view of your own company or stockholders to enter into?

Mr. Hayeraft: That is objected to.

Examiner Reeves: The objection is sustained.

Mr. Gross: May I have an exception?

Examiner Reeves: An exception may be

1061 noted.

Q. Will you give us something of the nature of what we call the good will value attaching to the Hart & Hegeman business? That is, around what had its value been built? In other words, was it predicated upon the merchandise of a trade mark or trade marks which had been the basis of a large part of your good will? A. Yes, they had. The proprietary value inherent in that business was largely a matter of the H. and H. trade mark, which had been built up through years by maintaining a superior quality of merchandise and

1062 through advertising and sales promotion efforts in their behalf.

Q. The trade mark is "H. and H." on a background of a switch. How would you describe it? A. The chief trade mark would be so described, as the initials "H. and H." enclosed in the outline of a surface switch.

Q. As I understand it, it was the result of intensive sales promotion and advertising and their proprietary value had been built up around that trade mark? A. Yes, we believed it would aid the value of any material possession of the company. It was the most valuable asset of the company.

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Q. It was the hallmark of quality? A. Yes, sir.

Q. Whether or not in your negotiations with Mr. Grier, which resulted in the formation of the old respondent, it was recognized by you that there was likewise a large proprietary value built up around the Arrow trade mark? A. There was.

Mr. Hayeraft: That is objected to as not proper cross examination and also as incompetent, and not within the issues in this case.

Examiner Reeves: The objection is overruled.

Mr. Hayeraft: Exception.

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A. (Continuing) Yes, we did recognize a similar value.

Q. Whether or not the form of the organization of the holding company to acquire the common stock of the Arrow Electric Company and the Hart & Hegeman Manufacturing Company was devised and carried out for the sole purpose of preserving the proprietary value of the sales organization and trade marks of those two respondent companies in the trade.

Mr. Hayeraft: That is objected to as not within the issues in this case.

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Mr. Gross: I claim it, if your Honor please, I am trying to show the good faith, that the very purpose of this organization was to do exactly what we had a right to do, to prevent lessening competition, and to preserve competition, which is the very point in issue.

Mr. Hayeraft: The trouble is that the statute that we are trying to enforce does not make any provisions for such reasons or propositions

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that might enter into it. The statute is limited in its language, and does not make provision for such a defense, so we are going into realms of speculation again that are not germane to the issues in this case, regardless of what is or might be the intention of the parties. There is nothing at all as to the intent in it.

Mr. Gross: We have the decision of the Supreme Court of the United States in the case of the International Shoe Company against the Federal Trade Commission, decided January 6, 1930. Without going into it in any great length, I wish to read two sentences from that decision:

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"In Federal Trade Commission versus Sinclair Company, 261 U. S. 463, 476, referring to the Clayton Act and the Federal Trade Commission Act, this Court said: 'The great purpose of both statutes was to advance public interest by securing fair opportunity for the play of contending forces ordinarily engendered by an honest desire for gain.' Mere acquisition by one corporation of the stock of a competitor, even though it results in some lessening of competition, is not forbidden; the act deals only with such acquisitions as probably will result in lessening competition to a substantial degree. * * *. That is to say, to such a degree as will injuriously affect the public'."

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At the point where I stated the stars there is the citation of Standard Company versus the Magrane-Houston Company, 258 U. S. 346, 357. It appears in the minutes of the Board of Directors of the old respondent, the holding company, held on November 10, 1928, that counsel

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reported to the Board the attitude of the chief counsel of the Federal Trade Commission, that he was not interested in that question, that the Clayton Act carried its own measure of liability, and the good faith, or the fact that the public was benefited, had nothing whatever to do with it. He said he was not interested in the question. Now, we have the Supreme Court of the United States; and I am going forward now to show that this gentleman took up deliberately this form of an organization which was intended to preserve—and we will show by further testimony that it did absolutely preserve—the freest, and fullest, and most complete competition between these two companies which was necessary for the preservation of those good-will values attaching to those two trade marks. I claim that it is entirely relevant.

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Mr. Hayeraft: Mr. Examiner, I haven't any quarrel with the decision that has been read. The trouble is the interpretation. There is nothing in the decision at all with respect to good faith. It is all with respect to the effect counsel has read into it—the good faith and intention. Reference is made to the intention of the framers of the act, but not to the parties who are doing things within the act. If he will restrict himself as to what transpired after the merger, I have no objection. What might have been in the minds of these gentlemen is another matter, which is not in the statute. There is nothing in that statute or in the decision which has anything to do with the good faith of parties entering into a transaction.

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(There was a discussion off the record.)

1072 *Samuel P. Williams—Cross.*

Examiner Reeves: We will take a recess for five minutes. In the meantime I want to read that decision.

(A short recess was taken.)

Examiner Reeves: It is not clear to the Examiner that the question propounded by counsel for the respondent is relevant and material, but the doubt which exists in the Examiner's mind will be resolved in favor of the respondent, and the objection will be overruled.

Mr. Haycraft: Exception.

1073 The Witness: May I hear the question again?

(The last question was repeated by the reporter.)

A. It certainly was devised and carried out for that reason.

Q. After the holding company was organized and during the fifteen months of its corporate existence, was there any lessening of competition between the Hart & Hegeman Manufacturing Company and the Arrow Electric Company?

Mr. Haycraft: I must object to that, as calling for a conclusion of the witness.

1074 Examiner Reeves: The objection is sustained.

Mr. Gross: Will your Honor note an exception?

Examiner Reeves: An exception may be noted.

Q. You were an officer and director of the holding company, the old respondent. Did the holding company in any way, by exercise of its right to vote, or otherwise, attempt to dictate the sales policy or to dictate in any way as to competition between the

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Hart & Hegeman Manufacturing Company and the Arrow Electric Company during the entire period of its organization and operation.

Mr. Hayeraft: That is objected to.

Mr. Gross: I claim that, if your Honor please.

Mr. Hayeraft: It is too broad a question. It is impossible for this witness to answer that question.

Mr. Gross: I claim it, if your Honor please, that the gentleman, being the head of the sales organization of one of the two operating companies, and being an officer of the holding company, knows perfectly well what took place, and whether or not the holding company did in any way attempt to dictate.

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Examiner Reeves: The objection will be overruled.

Mr. Hayeraft: Exception.

A. No, sir, the holding company exercised no control or influence in any way whatsoever over the sales activities of the two companies.

Q. I call your attention to Exhibit 39, being the minutes of the meeting of the Board of Directors of the old respondent Arrow-Hart & Hegeman, Incorporated, held January 5, 1928, at which time, it appears from the minutes, that in accordance with article 7 of the by-laws, this company designated and delegated persons eligible for election as directors of the constituent companies at the annual meetings of these two companies, and I ask you if those two groups of men designated as eligible for the Hart & Hegeman board and for the Arrow board were, in fact, the men who were on the

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Boards of Directors of those two companies prior to the formation of the holding company? A. Yes, sir, they were.

Q. Whether or not those two boards, therefore, continued to operate the two constituent companies, that is, the Hart & Hegeman Manufacturing Company and the Arrow Electric Company, as previously? A. Yes, sir, they did continue.

Q. During the period of the operation of the old respondent, the holding company, did the two companies, the Arrow Electric Company and the Hart
1079 & Hegeman Manufacturing Company, maintain their separate offices in their respective plants as formerly? A. Yes, sir, precisely the same.

Q. Hart & Hegeman, therefore, maintained their offices in the old Hart & Hegeman plant at the corner of Capitol Avenue and Broad Street? A. Yes, sir.

Q. And the Arrow Company maintained their offices in their plant at Hawthorne Street? A. Yes, sir.

Q. Both in Hartford? A. Yes, sir.

Q. Did the two companies during that period of time maintain absolutely independent and separate
1080 sets of books of account and sales, and so forth? A. Yes, sir, they were absolutely independent.

Q. During that period of time, I think you have testified, that the sales force of the Hart & Hegeman Company was increased rather than diminished, is that right? A. It was.

Q. Do you know now, as a matter of fact, from the records as you have them through the new respondent, whether or not the expense of sales of the two companies during that fifteen months increased over what it had been prior to the organization of the old respondent, the holding company?

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Mr. Haycraft: Let us keep the record straight on the H. and H., when you say the two companies. I did not inquire into that.

Mr. Gross: I do not think it is necessary to keep that distinct. Let the record show what was spent by the two companies.

Mr. Haycraft: I must object to that as improper cross examination. We have another witness coming on in that. I did not go into it except as to the Hart & Hegeman.

Mr. Gross: Well, I think it is proper cross examination. You can't separate them. The question is, What was the effect of the holding company? What did the subsidiaries do on sales effort? and I want to show that they spent more money. I claim that right.

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Mr. Haycraft: I have an objection.

Examiner Reeves: The objection is overruled.

Mr. Haycraft: Exception.

Mr. Gross: Will you read the question?

(The last question was read by the reporter.)

A. Yes, sir, the expense increased.

Q. Can you give us the figures by years for the years prior and during the holding company's existence; for instance, 1926, 1927, and 1928? A. The sales expense—

1083

Q. For the year 1926. A. (Continuing) was $550,004.

BY MR. HAYCRAFT:

Q. Which company? A. This is the combined sales expense.

1084 *Samuel P. Williams—Cross.*

Mr. Hayeraft: I wish to renew my objection to that, on the same grounds, that, not only is it improper cross examination, but I don't see how we can determine the relation.

Mr. Gross: You can go into that later and get the figures.

Mr. Hayeraft: Make him your own witness for that purpose.

Mr. Gross: No, I will not. It is relevant cross examination of the question of what was accomplished.

1085 Mr. Hayeraft: The record shows the questions I asked the witness, and when you go beyond proper cross examination, you are making him your own witness.

Examiner Reeves: The objection is overruled.

Mr. Hayeraft: Exception.

A. The sales expense for 1926 was $550,001; for 1927 it was $556,741; for the year 1928 it was $594,000.

Q. In your testimony on direct examination you briefly indicated the nature of the appliance business of the Hart & Hegeman Company under the
1086 sales direction of John R. Cook. Will you explain what you mean by the appliance business in that department, its character, how it comes to you, and how it is developed by Mr. Cook? A. The appliance business is entirely distinct from that which we commonly call the wiring device business. The material is not catalogued; it is not, as a rule, sold through our jobbers, but is solicited and sold direct to the manufacturers of tools and machinery, such as printing presses, vacuum cleaners, gasoline pumps, radios, and that class of material requiring

current control. It is increasingly important with the Hart & Hegeman division, and Mr. Cook has been successful in developing the business.

Q. Is it largely something which is made up on special order, as distinct from goods carried in stock? A. Very largely. It is not quite exclusively so, but we do a great deal of special engineering in connection with many of the projects which are brought to us of that nature.

Q. In other words, the Hart & Hegeman Company, through the inventive genius of Mr. Guett would get a problem from a manufacturer and 1088
would solve it by designing a peculiar type of switch to fit a particular point in a particular article manufactured by another manufacturer? A. That is true. Mr. Guett is the recognized leader in that respect.

Q. Roughly, how large a part of the business of the Hart & Hegeman Company did that appliance business, so called, constitute? A. You are referring to what period?

Q. Well, the period prior to and during the holding company's existence, 1926, 1927, and 1928. For example, during the year 1926. A. The appliance business was $1,108,784, as against catalogued or 1089
shelved goods of $1,985,909.

Q. That schedule excluding— A. I have compared the appliance business with the shelf goods business.

Q. Yes, excluding exports and goods sold to other manufacturers? A. Yes.

Q. In other words, it is thirty-six per cent. of the total of those two items? A. Yes, sir.

Q. Now, taking the period of 1927, what were the figures? A. The corresponding figures for the year 1927 were $1,309,273 for the appliance busi-

1090 *Samuel P. Williams—Cross.*

ness, and $1,881,979 shelf goods, the appliance business being forty-one per cent. of the combined.

Q. It is a combination of those two items? A. Yes, sir. It may be proper to show that between those two years the business showed a gain of 18.2 per cent., whereas the shelf goods showed a loss of 5.2.

Q. Now, the year 1928, which is the one full year of the operation of the old respondent. A. During that year the appliance business amounted to $1,798,840, and the shelf goods amounted to $1,820,-

1091 157. Between those two years, a gain in the appliance business was thirty-six per cent. In this case it was forty-nine per cent. of the combined total.

Q. Excluding exports and goods sold to other manufacturers? A. Yes.

Q. Now, will you give the Arrow figures for their sales of the same character during those three years, as they are disclosed by the books?

Mr. Hayeraft: I would like to make an objection here, and that you let me present my Arrow case.

Mr. Gross: I am perfectly willing, and I will withdraw that question now.

1092 (There was a discussion off the record.)

Q. Has Hart & Hegeman always had a very considerable export business? A. Yes, it is very considerable.

Q. What countries largely do they export to, roughly? A. Well, I believe the principal countries are England, Australia, and South American countries.

Q. Have you figures for the Hart & Hegeman export business during those years, 1926, 1927, and

1093

1928? A. In the year 1926 the Hart & Hegeman Manufacturing Company's export business was $577,525; and in 1927, $440,005; in 1928, $423,206.

Q. The Hart & Hegeman Company was organized in 1890, and began almost, as I understand it, with the development of the electric wiring device trade as an infant industry? A. It was one of the pioneers in the industry.

Q. Will you state whether or not it has always featured and has been known primarily as a concern manufacturing switches? A. Yes, it has. It has been so known.

1094

Q. Whether or not the Arrow, on the other hand has been known generally throughout its history primarily as a socket manufacturer? A. Yes, the Arrow Company has been so known.

Q. So that, on their primary lines, the bringing of the two companies into harmony, through a holding company or otherwise, there has been for each company a supplementing of its own primary line by the line of the other company? A. It has been of a supplementary and a complementary nature in regard to the goods.

Q. Whether or not, in the trade today, it is largely a question of competition on the quality, as distinct from being based on any basic patents? A. Yes, it is.

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Q. Whether any real basic patents exist in the industry? A. Very few, if any. Nearly all have expired, and the field has been so thoroughly covered, and the art is so advanced, and so ancient, that it is very difficult to get any more basic patents. They are merely detail patents that can be obtained to-day.

1096 *Samuel P. Williams—Cross.*

Q. The question of competition is largely a question of what has been referred to here as shelf goods.

Mr. Haycraft: That is objected to.

Q. Is there any real competition on what you call special designs of these appliances?

Mr. Haycraft: That is objected to as calling for a conclusion of the witness. There is no
1097 evidence to support it, to form a base for that conclusion.

Mr. Gross: He is a man experienced in the trade.

Mr. Haycraft: This man does not go out and call on the trade. He does not come in contact with the men.

Examiner Reeves: Read the question.

(The last question was read by the reporter.)

(Discussion off the record.)

Q. Let me reframe the question. Whether or not the competition which your salesmen meet throughout the United States is confined almost exclusively
1098 to what we call catalogue or shelf goods?

Mr. Haycraft: That is objected to, Mr. Examiner.

Mr. Gross: That calls for a statement from a man experienced in the business, having been in charge during those years of the sales organization of the Hart & Hegeman Company, and he knows what the conditions of the trade are. It is a conclusion of fact, and not of law, and any witness must state facts.

Mr. Haycraft: First, he stated that Mr. Everest has been in charge of the sales within the last few years.

Mr. Gross: I am confining it to the time he was in charge.

Mr. Haycraft: In the second place, the question of the type of competition that the salesmen were required to meet was a matter for the salesmen to testify to themselves.

Mr. Gross: You mean the traveling salesmen?

Mr. Haycraft: Yes, the traveling salesmen. They are the men to testify to that. 1100

Mr. Gross: That is a most remarkable statement. The man who is in charge of the home office knows that.

Examiner Reeves: Overruled.

Mr. Haycraft: Exception.

(The last question was read by the reporter.)

A. I would say that there is where most severe competition is felt, decidedly so. The competition, on any other lines, I know, is less apparent, if it exists, because of the different type of material, and the fact that we are selling engineering service in connection with producing such goods. 1101

Q. In connection with that special appliance work in this department of which Mr. Cook is the head, state whether or not your company is the largest business of that kind in the United States?

Mr. Haycraft: If he knows.

Mr. Gross: If you know.

Mr. Haycraft: Of course, that places too much on the witness. He has not been qualified to know.

Mr. Gross: Let us find out.

1102 *Samuel P. Williams—Redirect.*

Mr. Haycraft: We are going too far afield on this. I did not put this witness on as an expert. There is a lot of evidence which should go in as a direct defense of the case. It seems to me that we ought to follow some rules of presentation of the case.

(Discussion off the record.)

Mr. Gross: We do not want any friction between you and us, Mr. Haycraft. If you prefer to have it come in on our own case later on, and that is the objection, I will yield to it.

1103 If you say this is not proper cross examination on the question of the appliance business, I will make no exception now, reserving the right to introduce it in our own case later on. You must take one horn of the dilemma or the other.

(Discussion off the record.)

Examiner Reeves: Are you objecting, Mr. Haycraft, as one of the grounds, that it is not proper cross examination?

Mr. Haycraft: Yes.

Examiner Reeves: The objection based on that ground will be sustained.

Mr. Gross: Without prejudice to offering the

1104 evidence on our defense?

Examiner Reeves: No, sir.

We will take a recess for five minutes.

(A short recess was taken.)

Mr. Gross: I am through with the cross examination of Mr. Williams, Mr. Commissioner.

Examiner Reeves: Is there any redirect?

Mr. Haycraft: Yes, there will be a little.

REDIRECT EXAMINATION BY MR. HAYCRAFT:

Q. In business transactions between the Hart & Hegeman Manufacturing Company and the Arrow

Electric Company during that fifteen months' period, from October, 1927, to January, 1929, with respect to the assets and business of the Paiste Company and the porcelain works, who determined the value of the property that was being transferred? A. Those values, as far as I know, were taken from our books.

Q. Cost? A. As they stood on the books.

Q. What was done with the proceeds of the sales? A. I am not sure that I recall how the proceeds were used without referring to the books.

Q. Can you do that? A. Later I can.

Q. All right. 1106

(Discussion off the record.)

Q. In the case of the Paiste Company, were the assets of that concern owned by the Hart & Hegeman Company or by the Paiste Company? A. They were owned by the Paiste Company.

Q. And the stock of the Paiste Company was owned by the Hart & Hegeman Manufacturing Company? A. Yes.

Q. Then, my question would be: What became of the proceeds in the hands of the Paiste Company? A. Yes, sir. 1107

Q. Now, so far as the porcelain works are concerned, the assets of that concern were owned by the Hart & Hegeman Manufacturing Company? A. No, sir, the capital stock.

Q. Then the transaction would be in the same manner? A. Yes, sir, as I understand it.

Q. With respect to the business transactions between the Arrow Company and the Hart & Hegeman Company on products manufactured by the Arrow Company for the Hart & Hegeman Company,

1108 *Samuel P. Williams—Redirect.*

how was the price determined? A. The sales were made to the Hart & Hegeman Manufacturing Company less a small discount from the selling prices.

Q. Who determined the selling prices? A. They were taken from the catalog prices at which Hart & Hegeman would sell the goods.

Q. Who determined those prices? A. They are a matter of record in the catalog.

Q. Who made them up in the beginning? A. They were gradually devolved, and existed. There were no prices made for this occasion on these

1109 particular goods.

Q. Who had charge of the determining of what prices should be received for those goods when they were sold by the Hart & Hegeman Manufacturing Company? A. They were sold at our standard, published prices.

Q. Who determined what those prices are when placed in the catalog? A. I believe that the sales manager and the management in general adopted prices in the general process of meeting the market conditions.

Q. Did you have anything to do with them? A. Undoubtedly.

1110 Q. Mr. Grier? A. Not for the Hart & Hegeman Manufacturing Company.

Q. Do you mean he was not consulted? A. No, sir.

Q. Now, the automatic screw machines and parts that were made by the Arrow Company, how was the cost or the price at which they were to be sold to the Hart & Hegeman Manufacturing Company determined? A. My recollection on that is that such parts were billed to the Hart & Hegeman Manufacturing Company at the cost to produce, plus a percentage.

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Q. Now, about the experts that were used by the Hart & Hegeman Company from the Arrow Company; who were they? A. I can only recall—One was Mr. Wilmot; there was also Mr. Stevenson and Mr. Ten Eyck.

Q. What did they do? A. Well, Mr. Wilmot's work was mainly in connection with the production system.

Q. Of what products? A. Of the goods manufactured by the Hart & Hegeman Manufacturing Company; switches, and so forth. Mr. Ten Eyck and Mr. Stevenson in connection with systematizing, accounting and records.

1112

Q. Did they put in the Arrow system, that is, the system which was used by the Arrow Company? A. Yes, we believed that the Arrow system was superior to that employed by the Hart & Hegeman Company, and in respects where it was so considered, we adopted it.

Q. That was during the fifteen months' period. Subsequent to that time?

Mr. Gross: I object. That was not gone into on your direct.

Examiner Reeves: Read the question.

(The last question was read by the reporter.)

1113

Mr. Gross: I have my general objection relating to the period of the merger, but this is an added objection.

Mr. Haycraft: I asked some general questions along that line.

Mr. Gross: We have not gone into questions of economies of production or accounting or operation after the fifteen months, have we?

Mr. Haycraft: In my direct examination I covered or started to cover it in detail, but decided to use the sales manager for the detail.

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Mr. Gross: After the merger is another matter, and it is another question, which has not been gone into at all.

Examiner Reeves: The objection is sustained.

Mr. Haycraft: Then, do I understand that I am not allowed to interrogate this witness with respect to what transpired in his office of the new corporation subsequent to January 1, 1929?

Examiner Reeves: Read the question again.

(The question was read by the reporter.)

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Mr. Gross: You will certainly concede that I did not go into that on cross. Now, the question is, Is he going back to his original case?

Examiner Reeves: That is what I had in mind when I made the ruling.

Mr. Haycraft: This witness testified in chief as to general changes that were made subsequent to January, 1929. Then, when I went into detail as to the personnel and sales force, I discontinued examining him and was to put another witness on; but I do not feel that I should be prevented on redirect from bringing out what changes were made after January,

1116

1929, which relate to changes which were made prior to that time. It was brought out on cross-examination. In other words, in cross-examination he brings out certain changes were made with respect to effecting economies, and so on.

Mr. Gross: During the fifteen months' period.

Mr. Haycraft: During the fifteen months' period, and it seems to me that I am entitled to show how that continued on, to show the

changes that were made in the period that followed.

Mr. Gross: You can later by another man.

Mr. Haycraft: This witness is the man with which you brought the conditions out. I want to show that the conditions continued on or changed in some respects.

Mr. Gross: He testified after January 1, 1929, that is another man's function, and that is why you stopped.

Examiner Reeves: It occurs to the Examiner that the redirect should be limited to matters, developed by the cross examination. 1118

Mr. Haycraft: Yes, it is limited to that, but not as to the period of time. In other words, the cross examination restricted the period of time, and it seems to me that on redirect I can show whether the conditions were the same or different as in the fifteen months' period—simply because counsel purposely refrained from going into that period, because of his feeling of the right of the Commission to go into that period of time.

Mr. Gross: Oh, no.

Examiner Reeves: The ruling sustaining the objection will stand. 1119

Mr. Haycraft: I note an exception.

Q. With respect to the good will that might be attached to the trade mark of the Hart & Hegeman Manufacturing Company, how would that be reflected in the valuation of the property? A. It was never carried as any item at all in the assets on the balance sheets of the company, but anyone who has ever undertaken to market goods will realize that without such an old, established, proprietary

1120 *Samuel P. Williams—Redirect.*

value, they have the greatest difficulty of making any sales; and that question, how it was reflected—is what? How it reflected—

Q. In the valuation? A. It was considered to balance that of the proprietary valuation inherent in similar trade marks of the Arrow Company.

Q. Would it be measured by the length of time that the concern had been in the business and the amount of business that it had obtained during that period of time? A. It would be measured purely by the continuous and successful operation of the company for thirty-five or forty years. It would be
1121 measured also by the unusual and fully-recognized quality of the goods which had been marketed under that brand throughout that time.

Q. In offering my objection you were allowed to answer a question with respect to the purpose of the formation of the holding company, the old respondent, to the effect that the sole purpose was to preserve and carry on the trade mark value that was owned by the Hart & Hegeman Manufacturing Company. Would you say that that was the only reason or the sole reason? A. I believe the question referred to the form of the organization, and I should reply that, without doubt, the proprietary
1122 value of the respective brands was maintained and perpetuated best through that form of organization, and that continuous competition, which is essential to the continuation of that very valuable asset, was thereby allowed to operate freely; whereas, under any other organization it would be in danger of disappearing, and the most valuable possessions of the companies would disappear.

Q. Are you able to measure the extent to which the good will which might be attached to trade marks, such as owned by the Hart & Hegeman

1123

Manufacturing Company, is preserved or dissipated? A. I don't suppose there is any definite measure for that.

Q. One measure would be the diminution of the sales of that brand or trade mark over a period of years? A. Taking into account all other conditions, that would be one measure, but the other conditions are so diverse and numerous, that it is not by any means the only measure.

Q. Competition might force you to make goods inferior to the way they had been made, and thereby lose some of the value? A. That is conceivable, but in our case the reverse has been true. We have not.

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Q. Well, I am trying to take into consideration the various conditions which might affect it. A. Yes, but, if I may, I would not like to say merely yes or no to that, because it might leave a wrong impression.

Q. Referring to the items that you read into the record—the figures, showing the increased expense in the matter of sales. To what do you attribute the increase in 1927 over 1926, and 1928 over 1927 and 1926? A. I attribute the increase to the endeavor which we were making to keep our proportion of the business of the country and meet competition.

Q. Were there increases in sales? A. May I look at the figures?

1125

(Witness consults papers.)

The sales between 1926 and 1927 increased from three million, three hundred ninety-nine thousand dollars to three million, three hundred eighty-seven thousand dollars. As between 1927 and 1928 they increased from $3,387,000 to $3,839,000.

The ratio of selling expense to sales increased from seven and thirty-six hundredths per cent. in

1126 *Samuel P. Williams—Redirect.*

1926, to 18.14 per cent. in 1927, and the same figure in 1928.

Q. What particular item increased in your sales expense that would bring about that increase? A. I don't think I can analyze the figures to show that, but I believe that it was largely in the employment of salesmen and in expenditures for traveling expenses. That is my impression.

Mr. Haycraft: I understand that under the Examiner's ruling I will not be able to inquire as to the expense of selling in 1928 and 1929?

1127 Examiner Reeves: My ruling was based upon the theory that you were bringing up matters not brought out upon your direct examination and which had not be developed by the cross examination, and the recollection of the Examiner is that to permit this inquiry which you have referred to would be to permit you to go into new matters or matters not brought out upon your direct examination.

Mr. Haycraft: I must take an exception.

Examiner Reeves: I think you are overlooking the fact that your objections to an inquiry by counsel from respondent was sustained on

1128 the ground that it was not cross examination.

Mr. Haycraft: Yes, that one question.

Mr. Gross: I did not go into 1929 and 1930.

Mr. Haycraft: I am not claiming that you went into 1929 and 1930, but you went into the subject matter, which I am entitled to bring out. You carried it to a certain point and dropped it. I am entitled to carry it on.

Q. You gave, also, a number of figures, or, rather, percentages of the total, I think, appliances as dis-

1129

tinguished from shelf goods. Is it true that none of the appliances included in these percentages were sold through the catalog or salesmen calling upon the trade? A. I believe I must say that it is true.

Q. In other words, none of the appliances which you sold there were sold pursuant to sales representatives calling upon the trade or by soliciting the product in the catalog? A. The business on the appliance goods did not originate in any way through the effect of the catalog, no, sir.

Q. Who has charge of this appliance business from which these figures were made up? A. Who has charge of the sales?

1130

Q. Yes. A. Mr. John R. Cook had.

Q. I would like to ask at this time if the details of the sales, of these appliance figures, are prepared, so I can ascertain that from an examination of Mr. Cook as to these transactions? A. Details as to what respects, please?

Q. As to the customer and the item. A. I think you will find it in those figures which you have.

Q. By examining Mr. Cook? A. Yes, sir.

Mr. Gross: He is right here; he is in his office.

(Discussion off the record.)

1131

Q. In respect to your answer that the Hart & Hegeman concern was not known as a switch manufacturer, it is true, is it not, that since 1914 it had been advertising and selling sockets and plates and other items of that kind? A. It is true that we have been endeavoring to enter that field.

Q. And also, can you testify with respect to the Arrow Company, that it had been entering the switch field and had been cataloging and selling

switches since along 1920 or around that? A. Yes, without reference to any data, I might say that they had been endeavoring to acquire their share of that class of business, because it is almost essential that in order to promote the sale of your chief line you should be able to supply some of the goods of other types, even though you may not excel.

Mr. Hayeraft: I guess that is all.

Mr. Gross: One question on recross examination.

RECROSS EXAMINATION BY MR. GROSS:

1133 Q. Mr. Williams, Mr. Hayeraft, as attorney for the Commission, on his redirect, asked you with respect to the measure of the value of the trade mark of your company or of the Arrow, and whether it would be measured by the sales, and so forth. From your experience, what would have been the effect on the aggregate sales of these two companies after the organization of the holding company, the old respondent, if the two well-known brands or trade marks of the respective companies had been discontinued and a new one had been substituted?

1134 Mr. Hayeraft: That is objected to as incompetent, irrelevant, and immaterial.

Examiner Reeves: Objection overruled.

Mr. Hayeraft: Exception.

A. I believe that under those circumstances it would have been equivalent to commencing business all over again and throwing away the ground work of years and years of intensive labor, and that our company would have been a complete failure.

Mr. Gross: That is all.

Mr. Hayeraft: That is all.

HAYNES L. EVEREST, called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HAYCRAFT:

Q. State your full name and occupation. A. Haynes L. Everest.

Q. What is your occupation at the present time? A. Sales Manager of the Hart & Hegeman division.

Q. Of what? A. The Arrow-Hart & Hegeman Electric Company.

Q. How long have you occupied that position? A. Since the formation of the Arrow-Hart & Hege- 1136
man Electric Company.

Q. That is January, 1929? A. January, 1929.

Q. Prior to that time what was your occupation? A. Sales manager of the Hart & Hegeman Electric Company.

Q. The Hart & Hegeman Manufacturing Company? A. The Hart & Hegeman Manufacturing Company.

Q. How long were you sales manager of the Hart & Hegeman Manufacturing Company? A. Since 1919.

Q. Prior to that time what did you do? A. I was western manager in Chicago. 1137

Q. From the period of 1919 up until say October, 1927—if you recognize that date as the date the so-called holding company was organized—what were your specific duties as sales manager? A. I would say simply the promotion of sales. I had entire charge of the sales.

Q. You had charge of the sales force? A. The sales force.

Q. All branches? A. They were all under me.

Q. What products were included under your supervision? A. The whole wiring device line.

1138 Q. Did it include everything that was manufactured and sold by the Hart & Hegeman Manufacturing Company at that time? A. There were certain parts that I did not personally have supervision over. I did not follow it into details of a technical nature.

Q. What was that? A. The appliance end of the business.

Q. Who had charge of it? A. Mr. Cook.

Q. Mr. John R. Cook? A. Yes.

Q. To whom were you responsible? A. Mr. Morris, and later to Mr. Williams.

1139 Q. And to whom was Mr. Cook responsible? A. Mr. Cook, I should say, the same.

Q. In other words, he was responsible to both of those gentlemen but he was not responsible to you? A. No.

Q. During that period of time, from October, 1927, until January, 1929, was the same set up, the same division of authority, there? A. The same thing; no change.

Q. Then, from January, 1929, up to the present time—do you still occupy the same relative position? A. The same relative position.

Q. To whom are you responsible now, at the present time?

1140 A. To Mr. Pond.

Q. And what is his title? A. General sales manager.

Q. How long have you been under his supervision? A. Since the—I couldn't give you the exact date.

Q. Well, approximately. A. Why, I should say it was in 1929, sometime.

Q. Is Mr. Cook responsible to Mr. Pond also?

Mr. Gross: If he knows.

Mr. Haycraft: If he knows.

1141

A. I should say that was a question that I could hardly answer.

Q. During the period of time prior to October, 1927, what did you have to do with the making up of prices at which the products were sold under your supervision? A. I really had nothing to do with the making of prices.

Q. How were they made up? A. Why, we just simply met market conditions as we found them.

Q. Do you publish a price list? A. Yes.

Q. Did you place a price on the various articles in the list? A. Yes.

1142

Q. Who determined as to what price was to be placed on them? A. Well, it was more or less determined for us.

Q. Who had the final decision as to what price should be put into the price list of any particular commodity? A. It came down to me in the last analysis, whether we would charge that price.

Q. It looked to you whether you would charge that price or more or less? A. Yes.

Q. Was that true from October, 1927, to January, 1929? A. It was.

Q. Has it continued to be true since that date? A. Yes.

1143

Q. In making your decision, with whom did you consult? A. Well, it would all depend on the nature of the business. In the majority of the cases there would be no need of consultation.

Q. And what would be the exception? A. I can't think of any direct exception right off the bat.

Q. And did your firm allow discounts from these published lists? A. They were published right on our discount sheets.

Q. A trade discount? A. Yes.

Q. Were any exceptions from those discounts ever allowed? A. No, I would say no.

1144 *Haynes L. Everest—Direct.*

Q. That is true during this entire period? A. Yes.

Q. Now, did you have any supervision over the commission merchants that handled your products? A. The commission merchants were handled in exactly the same manner as our own salesmen.

Q. Who negotiated with them when they were employed? A. Well, as far as I can tell, everyone of the commission agents were hired before my entry into the game.

Q. In Boston, for instance, who was the commission man there who represented the line? A.
1145 Albert Mann.

Q. How long did he represent your firm? A. I could not tell you that. He was representing us when I came on from Chicago.

Q. When did he stop? A. When did he stop?

Q. Yes. A. In 1929.

Q. Do you know the approximate month? A. I could not tell you the month.

Q. What happened when he was discontinued? A. We put in our own manager.

Q. With a sales force? A. With a sales force.

Q. Who was that? A. J. W. Saladine.

Q. How long did he represent your company?
1146 A. He represented us until last year, the early part of last year.

Q. Of January, 1930? A. Sometime early in 1930. Sometime in 1930—I couldn't tell you the exact time.

Q. And then what happened?

Mr. Gross: I object to that. Of course, I have my general objection already, but I want this special objection.

Examiner Reeves: The objection will be overruled. I might state at this time that I am

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of the opinion that the objections to the various exhibits offered yesterday will be overruled. Later I will make for the record a formal statement of my position in overruling the objections.

Mr. Gross: May I note an exception to that on the record?

Examiner Reeves: Yes, an exception will be noted. Sometime during the afternoon I will make a formal statement for the record overruling the objections.

Mr. Gross: And noting exceptions?

Examiner Reeves: Yes, sir.

1148

Mr. Haycraft: Read the question.

(The last question was read.)

A. Mr. Saladine was brought into Hartford.

Q. What duties did he assume in the Hartford office? A. Special promotional work.

Q. Who replaced him in Boston? A. Mr. Nelson.

Q. And who was he before he replaced Mr. Saladine? A. He was the former Arrow manager in Boston.

Q. Did he continue to represent both divisions of the new respondent, the Arrow-Hart & Hegeman Electric Company? A. He represented both.

1149

Q. How many salesmen did Saladine have under him at the time when Nelson replaced him? A. Two.

Q. Are they still now working under Mr. Nelson? A. They are.

Q. How many salesmen does Mr. Nelson have in addition to those two? A. I will have to consult my records here, if I may.

Q. Yes. A. Mr. Nelson has three salesmen now, instead of two—only on the H. & H. Division.

1150 Q. He has three salesmen calling on the H. & H. trade? A. Yes.

Q. Does he call on the H. & H. trade himself? A. He does.

Q. That is, the larger customers, I assume? A. yes.

Q. To your knowledge, does Mr. Nelson attempt to solicit any of the so-called appliance business which Mr. Cook is responsible for? A. I think that is a question that is out of my—

Q. I say, to your own knowledge, do you know? A. I know very little about it definitely. I should
1151 say he did.

Q. What are your general instructions to sales managers and the salesmen under your division, the Hart & Hegeman division, with respect to the soliciting of trade? A. To get the business.

Q. Are they expected to call on jobbers who handle the Arrow lines exclusively? A. You are talking about H. & H. salesmen now?

Q. Yes. A. H. & H. salesmen are supposed to cultivate any jobber where there is any possibility of getting business.

Q. Do you recognize, as the H. & H. sales man-
1152 ager, there are jobber customers who handle the Arrow line exclusively? A. There are some jobbers who handle the Arrow line exclusively.

Q. Do your H. & H. salesmen solicit Hart & Hegeman business from those jobbers? A. They would not do so unless it was to get business that was going to somebody else, going to another competitor.

Q. Are H. & H. salesmen allowed to take orders for Arrow business? A. I don't know as that point has ever come up.

Q. Do you know whether or not they have ever done so? A. In cases where there was no corresponding device, the same as our salesmen have taken orders for other competitive materials.

Q. Would that also be true where the customer called on used the H. & H. material, not exclusively, perhaps, but almost exclusively, but had occasional orders for an Arrow device? A. I don't quite get the question.

Q. Suppose an H. & H. salesman called on a customer who was recognized as handling the H. & H. line, and that customer had some contract for an Arrow device, would the H. & H. salesman take 1154
the order? A. I don't know whether that question has come up for discussion.

Q. Who was your sales manager in Philadelphia in October, 1927? A. J. W. Alexander.

Q. Is he still your representative there, as well as the representative of the Arrow—there has not been any change in his office there since 1929? A. Minor changes.

Q. What do you mean by minor changes? A. There have been little changes here and there, but nothing important.

Q. Nothing like in Boston? A. No, no.

Q. He has not been placed in charge of the solici- 1155
tation of Arrow business in that territory? A. Oh, he has the—excuse me. He is now the joint manager. He manages both divisions in Philadelphia.

Q. How long has he had that responsibility? A. I would say that was in 1929—yes, 1929 or 1930.

Q. There were formerly separate offices there? A. H. & H. had their office in Philadelphia. I don't recall whether Arrow had an office there or not.

Q. Now, in Chicago, who was the sales manager under your supervision in October, 1927? A. A. E. Lubeck.

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Q. What, if any, changes were made in his office in 1929? A. None. He continued as the H. & H. manager.

Q. He moved his office from Chicago, did he? A. To Detroit, yes.

Q. Did it change his territory? A. He has a more intensive territory. We changed him with the idea of covering the territory more intensively, and enabling the manager to give more close supervision to the field.

Q. How many men does he have under him? A. At the present time?

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Q. Yes. A. Three H. & H. salesmen.

Q. He does not have any Arrow men under him? A. Yes.

Q. He does? A. He is the joint manager now.

Q. How long has he been joint manager? A. He has been the joint manager since this year.

Q. Just this year? A. Yes.

Q. And he has the same number of H. & H. salesmen as he had before? A. He has not.

Q. More or less? A. He has a very much smaller territory.

Q. What happened to the other territory that he had before? A. That has now a joint manager at

1158

Chicago.

Q. And who is in charge of that? A. Mr. R. L. Wildauer.

Q. What did Mr. Wildauer do before he was made joint manager in Chicago? A. He was manager of the Arrow.

Q. In Chicago? A. In Chicago.

Q. In other words, the H. & H. man went over to Detroit and the Arrow man stayed in Chicago? A. Correct.

1159

Q. The H. & H. salesmen who had been working under Lubeck are now working under Mr. Wildauer? A. Yes.

Q. They were in the Chicago office and did not go with Mr. Lubeck? A. Correct.

Q. I would like to have you define just what changes were made in that territory. What was the original Chicago territory, and what is now the new Chicago territory? A. The original territory included—the H. & H.?

Q. Yes. A. From Pittsburgh to the Sierra Nevada Mountains, and from Canada to Mexico.

1160

Q. How many salesmen did he have traveling that territory? A. Eight salesmen and two commission agents.

Q. Who were they? A. One in Dallas and one in Denver.

Q. Did he travel himself? A. He did.

Q. What did he attempt to cover? A. The high spots.

Q. The big customers? A. Yes.

Q. In this change that was made, what happened? How was the territory divided? A. The Detroit territory takes in the Southern Peninsula of Michigan, Ohio, Indiana and Kentucky.

1161

Q. And the balance of the territory? A. And the balance of the territory, with the exception of—well, it is hard to define it by states.

Q. Yes. A. Almost south of the Mason & Dixon Line, we made another territory. We cut off Texas, Tennessee, Arkansas and Louisiana from the Chicago territory.

Q. And you put that under a new office? A. Under a new branch manager.

Q. What states do you have under the Chicago man at the present time? A. What states?

1162 Q. Yes. A. Outside of Illinois, Minnesota, North and South Dakota, Montana, Colorado, Kansas, Nebraska, Missouri and Iowa, the Northern Peninsula of Michigan and Wisconsin.

Q. The commission merchant which you had at Denver, did he remain under the new manager? A. What period are you talking about?

Q. Since January, 1929. A. The commission agent remained under the Chicago office.

Q. There have been no changes there? A. There have been no changes there.

1163 Q. What territory does he cover? A. Colorado. Wait a minute, I forgot that New Mexico is in there. Colorado, New Mexico, Wyoming and Idaho. That is about all.

Q. He does not go into Montana? A. Wait a minute. Montana—he covers that mountain range there.

Q. And he gets credit for any sales that are made in that territory? A. Yes.

Examiner Reeves: The hearing will be adjourned until 3 p. m., daylight saving time.

(Whereupon, at 1:30 p. m., an adjournment
1164 was taken to 3 p. m., daylight saving time.)

AFTER ADJOURNMENT—3 P. M.

HAYNES L. EVEREST, resumed.

DIRECT EXAMINATION (con.) BY MR. HAYCRAFT:

Q. In the New York City territory, Mr. Everest, who was your branch sales manager there in 1927? A. 1927, A. F. Wilson.

Q. How long did he retain that position? Is he still there? A. He is dead. He died in office. I believe that was in—do you have to have a definite date?

Q. Well, approximately. A. 1929—in the early part of 1930.

Q. How many men did he have under him? A. He had four salesmen under him.

Q. What territory? A. He covered what we call the Metropolitan District, including Long Island and the eastern part of New Jersey, and just that southeastern tip of New York.

Q. I suppose he met the New England territory 1166
and the Philadelphia territory on those sides? A. Yes.

Q. Did he call on the trade himself? A. Yes.

Q. Upon his death, what did you do? A. I ran the office for a period of two or three months from here, and then we appointed a joint manager.

Q. Who was he? A. Mr. A. P. Deacon.

Q. That was in 1929? A. That was in 1930.

Q. How many Hart & Hegeman men does he have under him? A. Four. Now, you say?

Q. Yes, now. A. Four.

Q. What was his occupation before he was made branch manager? A. He was the Arrow manager 1167
in New York.

Q. In San Francisco, in 1927, who represented you at that time? A. A commission agent, Garnett, Young & Co.

Q. Do they still represent you? A. They do.

Q. Are they directly under you, or do they come under some other western branch? A. No, they are directly under this office.

Q. What territory did that San Francisco office cover? A. The Pacific Coast, on the other side of the Sierras.

1168 *Haynes L. Everest—Direct.*

Q. Now, the Atlanta territory. Who represented you there in 1927? A. We had two salesmen.

Q. Who were they? A. C. J. Broward and B. A. Watson.

Q. Did they have certain territory which each covered out of Atlanta? A. Yes.

Q. What territory did Mr. Broward cover? A. Florida, South Carolina, Georgia, Alabama and Mississippi.

Q. And what did Mr. Watson cover? A. Now, wait a minute. In 1927—Mississippi wasn't in that; also Louisiana.

1169 Q. What did Mr. Watson cover? A. He covered Mississippi, Arkansas and Tennessee.

Q. What changes were made, if any, in that office since that time? A. Well, we formed a branch office. We have a branch office in Atlanta.

Q. And who is in charge? A. Mr. Paul Ramsey.

Q. Does he have Hart & Hegeman salesmen under him? A. He has.

Q. How many? A. He has one.

Q. Is he also in charge of the Arrow sales in that territory? A. Yes.

Q. What territory does he cover there? A. He covers the same territory that the two men did.

1170 Q. When was that change made? A. In 1930.

Q. Have I covered all the changes that were made? I mean, have you covered in your testimony all the changes with respect to the sales organization since January, 1929 of the Hart & Hegeman division? A. There was one change in New York State.

Q. How was that handled? A. We have a salesman and joint manager.

Q. And where is his headquarters? A. Syracuse.

Q. When was that office created? A. In 1930.

Q. How was that territory covered in 1927? A. One salesman.

Q. Operating out of where? A. Out of—had nominally no headquarters; he was in Rochester, traveling all the time.

Q. How many salesmen do you now have under your supervision? A. 23.

Q. Does that number include divisional superintendents or heads? A. That is just the salesmen.

Q. To whom are these divisional superintendents responsible? A. To the branch joint managers.

Q. To whom are the branch managers responsible? A. Directly to Mr. Pond. 1172

Q. (Handing papers to witness.) Starting in the New England territory, who were the principal jobbers to whom the Hart & Hegeman Manufacturing Company were selling their products in 1927? A. Graybar, Boston.

Q. Well, take Boston first. A. Graybar.

Q. What other companies? A. Hardy, Lewis, Milhender, Sager, Shannon, Waahn, and Wetmore Savage.

Q. Out of that group that you have named, were any of them considered by your office as Hart & Hegemen distributors, not exclusively, but a great majority of their sales of wiring devices? A. Just 1173 let me get the point of your question. You mean exclusively H. & H.?

Q. Yes. Of course, you know they are not absolutely, but which you considered as such. A. We considered those concerns that I have mentioned as being those that gave us the greatest amount of support.

Q. The Graybar Electric Company at that time, was it an independent concern, or was it owned by some manufacturer? A. The Graybar at that time, as I recall it, was the same as it is today.

1174 *Haynes L. Everest—Direct.*

Q. What is your answer? Is it recognized as an independent distributor? A. As a branch house of an independent distributing organization.

Q. What I am trying to get at is, wasn't the Graybar Company recognized as a distributor of the Western Electric product? A. Why, yes, but I couldn't tell you the time of the connection between the Western Electric and the Graybar, to my knowledge.

Q. Since 1927, has the situation changed with respect to any of these dealers that you have now?

1175

Mr. Gross: I object to the "since 1927". There are two periods between 1927 and now, and I think we might just as well have it divided into those two periods.

Mr. Haycraft: It doesn't make any difference to me, except that it would make the direct examination a little longer.

Mr. Gross: It makes it clearer.

Q. During 1928, was there any change with respect to the relations between your office and your distributors? A. No.

1176 Q. You still relied upon them as your principal outlet in these cities? A. Yes.

Q. In 1929 and 1930, is that still true? A. Yes.

Q. Has there been any change in the representation, so far as you know, in that territory? A. Since that time?

Q. Yes, since 1929. A. None of note, no.

Q. From your knowledge of the territory, which of these concerns would you consider the largest distributors? A. Graybar, first.

Q. And which would you rank second? A. As a distributor?

Q. Yes. A. Not necessarily of our material?

Q. Yes. A. Wetmore Savage.

Q. Third? A. Milhender.

Q. Which is the largest distributor of your product? A. No. 1. Now, wait a minute, that fluctuates.

Q. In 1927, which was first? A. No. 4 was first. Then, number 6, and then number 1.

Q. In 1928. A. No. 4, No. 1 and No. 8.

Q. 1929. A. No. 4, No. 8, and No 1

Q 1930. A. No. 4, No. 1, No. 8.

Q. Apparently, No. 4 is your largest distributor in that city, according to your statement? A. That is correct. 1178

Q. Will you testify as to the products that you sold to No. 4. What principal products did you sell? I will let you take this, if you want it (indicating). Beginning in 1927. A. That has no 1927 lettered.

Q. Take 1928, then. A. Socket material, Schedule B.

Q. Second? A. Switches, Schedule S.

Q. Third? A. Schedule P.

Q. What does that include? A. Receptacles.

Q. 1929? A. Sockets, switches, and receptacles; the same order. 1179

Q. 1930? A. Sockets, switches, receptacles; the same order.

(Discussion off the record.)

Q. In Boston proper, from your records that you have before you there, were there any sales made to manufacturers during 1926 and 1927 by the Hart & Hegeman Manufacturing Company? A. Are you talking about Boston proper?

Q. Yes. A. None.

Q. In 1928? A. There were.

Q. Were these sales in 1928 made under your supervision to the manufacturers indicated from the record you have? A. They were not.

Q. Under whose supervision were they made? A. The appliance department.

Q. Would that be true in 1929 and 1930? A. Correct.

Q. Is that true with respect to all of them? I will ask you to look at that paper. A. That is true,
1181 yes, with respect to all of them.

Q. Referring to the sales of your product in Springfield, Mass., who was your principal distributor there? A. No. 115.

Q. That is in 1927? A. In 1927, No. 115.

Q. Has he continued to be the principal distributor since that time? A. Yes.

Q. Through both 1928 and since? A. Yes.

Q. Is that firm recognized as a Hart & Hegeman distributor exclusively? A. No, sir.

Q. It handles other lines? A. It does.

Q. Do you know whether or not it handles the Arrow line now and did in 1927? A. I couldn't
1182 tell now—

Q. You don't know? A. No, I don't.

(Discussion off the record.)

Q. Who was the principal Hart & Hegeman distributor in Worcester, Mass., in 1927? A. No. 1.

Q. And what other distributor did you sell to there? A. No. 93.

Q. In 1926, who was the principal distributor in Worcester? A. No. 93.

Q. Do you know why the change was made? A. I don't know what the year was, but there was a change in the ownership of No. 93, and in that change of ownership we naturally dropped into one of the minor places.

Q. Wasn't No. 93 of Worcester a branch of No. 8 of Boston? A. Yes.

Q. And No. 8 of Boston continued to be your distributor? A. Yes. That was largely specified material in Boston, specified by architects and engineers and contractors.

Q. What principal products did you sell to No. 115 in Sprinfield in 1928? A. In 1928, Schedule S, switches. 1184

Q. And second? A. Schedule B.

Q. About what would be the ratio between the two? A. It would be about 20 percent more.

Q. 20 percent more switches than sockets? A. Than sockets.

Q. And 1929? A. In 1929, Schedule S was still the greatest.

Q. The ratio was about the same? A. About the same, but not quite so large.

Q. And 1930? A. In 1930, it was the same; Schedule S. The ratio was much large in favor of Schedule S. 1185

Q. In Manchester, N. H., who was your distributor? A. No. 94.

Q. In 1927? A. The same.

Q. Has he continued since that time to be your distributor in that territory? A. Yes.

Q. Will you testify as to the products that you sold to No. 94 beginning in 1928. A. Schedule B. first.

Q. And second? A. Schedule S.

1186

Q. About what ratio would you say? A. Oh, about 25 percent.

Q. In 1929. A. 1929, Schedule B.

Q. Second? A. Schedule S.

Q. The ratio was about the same, or more? A. About the same.

Q. 1930? A. 1930, Schedule B first; Schedule S second.

Q. The ratio was about the same? A. Practically.

Q. If I understand you correctly, there were 25 percent more of schedule B than of schedule S? A. Correct.

1187

Q. Portland, Maine. Who was the principal distributor there? A. No. 79.

Q. Did you have any other distributor in that territory? A. No other distributor in Portland.

Q. How about Bangor? A. No. 78.

BY MR. BROWN:

Q. Those were your two principal distributors in that territory? A. Yes.

1188

BY MR. HAYCRAFT:

Q. Referring to No. 79, will you testify what products you sold to that distributor beginning in 1928. A. 1928; first, schedule B.

Q. Second? A. Schedule S.

Q. About what ratio, what proportion? A. Between 20 and 25 percent.

Q. More of schedule B than S? A. Yes.

Q. 1929? A. 1929, schedule B; second, schedule S.

Q. How about the ratio? A. About 10 per cent.

1189

Q. 1930? A. Schedule B; second, schedule S.

Q. And the ratio? A. About 12 percent.

Q. Take the other firm, up in Bangor, No. 78, the same question: what product did you principally sell? A. About the same. In 1928, schedule B; second, schedule S.

Q. What proportion? A. About 25 percent.

Q. 25 per cent more of B than of S? A. 25 per cent more of B than of S.

Q. 1929? A. Schedule B first; schedule S second. The ratio was about 10 per cent.

Q. 1930? A. Schedule S first; schedule B second. The ratio, about 15 per cent.

1190

Q. Take Bridgeport, Conn. Who were your principal distributors there? A. No. 149.

Q. Was he the principal distributor there? A. Yes.

Q. Did you consider him a Hart & Hegeman distributor exclusively, or otherwise? A. Not exclusively.

Q. What product did you sell to them? A. The entire wiring device line.

Q. What principally? A. Schedule B first.

Q. In 1928? A. 1928. Schedule S second.

Q. What ratio between them? A. The ratio was about 30 per cent in favor of schedule B. In 1929, schedule B first; second, schedule S. Practically no difference in the sales, in the percentage. 1930, schedule S first; schedule B second. The ratio about 20 or 25 per cent.

1191

Referring to your record, Mr. Everest, I will ask you whether or not during the years of 1926 and 1927 the Hart & Hegeman Manufacturing Company made any sales to manufacturers in that New England territory? A. None that I can see.

1192 *Haynes L. Everest—Direct.*

Q. I believe you testified in respect to the Boston territory that your department made no sales during that entire period. A. Correct.

Q. Is that true with respect to the whole New England territory? A. Yes.

Q. Primarily your salesmen did not call upon manufacturers in that territory? A. No. During this whole period?

Q. Yes. A. No; the business was handled by direct manufacturers' contact, owing to the nature, the special requirement, it automatically cleared
1193 through a department specially equipped to handle it.

Q. There would not be any way that you could tell from the record before you whether any sales to manufacturers in 1928, 1929 and 1930 went through your hands or not? A. Not direct.

Q. Will you state for the record the total quantity of Hart & Hegeman products sold in the New England territory in 1926? A. $315,911.

Q. In 1927? A. $292,227.

Q. Do you have any independent sales recollection why the sales dropped off as compared with 1926 in that territory? A. I can't state definitely,
1194 except one thing, that we were not getting the proper cultivation of the territory. The territory was not being worked as intensively as it had been prior to that.

Q. In 1928, what were your total sales? A. In 1928 the sales were $386,273.

Q. How do you account for that increase? A. I would say it was largely due to the fact that we put our own—well, I would like to consult the records there.

Q. Just look at your records. A. It is not here what I was looking for.

Q. Look at any records you wish.

(Discussion off the record.)

A. Due to an increase in manufacturers' business.

Q. In 1929, what were the total sales? A. In 1929, $481,058.

Q. What was the principal cause of that increase? A. I would say that that was due to the cause of general business very largely; also the increased activity in the appliance department.

Q. There was some increased business in your business also? A. Yes, some increase in my department also. 1196

Q. Now, in 1930, what was the total sales? A. $397,110.

Q. To what would you attribute the drop? A. To the general business depression.

(Discussion off the record.)

Q. Well, we will go to the New York territory. In 1927. I wish you would name about 10 or 12 of the leading jobber distributors in New York City territory, in what you would call the Metropolitan District. 1197

Mr. Gross: H. & H.?

Mr. Haycraft: Yes, H. & H.

A. Crannell, Nugent and Kranzer, Garfield Elliott Electric Company, Graybar, Holloway Bentz, Lehigh Electric Company, Monroe Lamp & Equipment Company, Manhattan Electric Supply Company, Smart Electric Company, Stanley & Patterson, Midway Electric Company.

1198 *Haynes L. Everest—Direct.*

Q. Did you sell a general line of wiring devices to these concerns named in 1927? A. We did, yes.

Q. How about the Premier Brass & Electric Supply Company? A. They ought to be in there. As a matter of fact, they go ahead of some of the others. I don't see them in this list here. Oh, yes, here they are. They are in Brooklyn.

Q. Do you consider it a large distributor? A. Yes, it should be at the head of the list there.

Q. Referring to that New York Metropolitan District, I will ask you whether or not from the
1199 records that you have before you, there were any sales to manufacturers in 1926 and 1927 by the Hart & Hegeman Company?

Mr. Gross: From his department?

Mr. Hayeraft: No, by the Hart & Hegeman Manufacturing Company.

A. According to the record, there is.

Q. And what firm? A. To Shelton Electric Co.

Q. In what year? A. 1926.

Q. Do you know what business that company is engaged in? A. Hair dryers, I believe.

1200 Q. Is that located in Brooklyn or New York City? A. It would be only a guess. I could not tell you.

Q. Was that the only one? A. That is the only one I can see.

Q. In 1928? A. In 1928 there were a good many.

Q. And in 1929 and in 1930 also? A. Correct.

Q. Now, referring to some of these firms that you have named as distributors, I will ask you to state for the record the principal product sold, beginning in 1928, the same as you did for the New

1201

England territory, beginning with No. 184. A. No. 184, in 1928, schedule S first; schedule B second. The ratio, 60 per cent in favor of S.

1929, schedule S first; schedule H second.

Q. What does H represent? A. H is miscellaneous material. Do you want that ratio?

Q. Yes. A. It is about 80 per cent.

1930, schedule S first; schedule H second. The ratio is about 65 to 70 per cent.

Q. Now, then, the same thing with respect to No. 190. A. No. 190: schedule S first; schedule H second.

1202

BY MR. GROSS:

Q. In 1928? A. This is 1928, yes. That is 300 per cent.

1929, schedule S first; schedule H second. Again, about 300 per cent.

(Discussion off the record.)

1930, schedule S first; schedue H second. 250 percent.

BY MR. HAYCRAFT:

1203

Q. No. 206. A. No. 206, 1928, schedule S first; schedule B second. That is about 400 per cent.

1929, schedule S first; schedule B second. About 25 per cent.

BY MR. GROSS:

Q. 25 or 250 per cent? A. 25 per cent.

1204

By Mr. Haycraft:

Q. It is more than that. About 40 per cent? A. 40 per cent?

Q. Yes. A. 1930, schedule S and schedule B. That would be, about, I think, 40 per cent.

Q. No. 326? A. No. 326, 1928, schedule B first; schedule S second. That would be about 25 per cent.

1929, schedule S first; schedule P second.

Q. That covers what? A. That covers receptacles. That is about 200 per cent.

1205

1930, schedule S first; schedule B second. About 50 per cent.

Q. I guess that next one is No. 186. A. No. 186, 1928, schedule B first; schedule S second. About 20 per cent.

1929, schedule S first; schedule P second. That is about 100 per cent.

1930, schedule S first; schedule B second. About 35 per cent.

Q. Does Poughkeepsie, N. Y., come in there? A. Poughkeepsie comes under New York State.

Q. Did it in 1927? A. It did.

1206

Q. What firm? A. No. 383.

Q. Was that the principal one? A. I don't think there were any others.

Q. What were the principal products that you sold to them in 1928? A. In 1928, schedule B first; schedule S second. About 30 per cent.

1929, schedule B first; schedule S second. About 35 per cent.

1930, schedule B first; schedule S second. About 20 per cent.

Q. Now, in Albany, who were your principal distributors there,—I mean of the Hart & Hegeman line? A. No. 380. Also No. 381.

1207

Q. Did they both handle your line exclusively? A. Neither of them did.

Q. What principal sales were made to No. 380 and 381 in 1928, 1929 and 1930? A. In 1928, schedule B first; schedule S second. 12½ per cent.

1929, schedule B first; schedule S second. About 15 per cent.

1930, schedule B first; schedule S second. About 12 per cent.

Q. With respect to No. 381, did you continue to sell through that firm during 1928, 1929 and 1930? A. We did.

1208

Q. How would the sales run? More or less? A. The sales ran very even.

Q. About the same? A. About the same.

Mr. Gross: You mean in volume; not proportions?

Mr. Haycraft: In volume.

Q. Take Syracuse. Who were the distributors of the Hart & Hegeman Manufacturing Company in Syracuse in 1927? A. In Syracuse, in 1927, No. 475 and 477.

Q. Those were the two principal distributors? A. They were the two principal distributors.

1209

Q. There were some other distributors there? A. Correct, there were.

Q. Handling other lines? A. Yes.

Q. Did any of these handle your line exclusively? A. Not to my knowledge.

Q. What were the principal products that you sold to No. 475? A. As to No. 475, in 1928, schedule S first; schedule B second. No percentage.

1929, schedule S first; schedule B second. 10 per cent.

1210

1930, schedule S first; schedule B second. About 10 per cent.

Q. Give me the same information with respect to the other distributor, No. 477. A. No. 477, in 1928, schedule S first; schedule B second. About 25 per cent.

1929, schedule S first; schedule B second. About 10 per cent.

1930, schedule S first; schedule B second. About 30 per cent.

Q. Rochester. Who were the principal distributors of the Hart & Hegeman products in Rochester during 1927? A. In 1927, No. 464.

1211

Q. In 1927? A. In 1927, yes.

(Discussion off the record.)

A. (Continued) No. 449, also. Those were the two.

Q. Those were the two outstanding distributors? A. Yes.

Q. What were the principal products sold? A. No. 464, schedule S first; schedule H second. Almost all S.

1929, schedule S first; schedule H second, with the same ratio.

1212

1930, schedule S first; schedule P second. Predominantly schedule S.

No. 449, 1928, schedule S first; schedule B second. Predominantly schedule S.

1929, schedule S first; schedule B second. The same ratio.

1930, schedule S first; schedule B second. About 75 percent.

Q. Now, going to Buffalo. Who were the principal distributors there? A. Buffalo, in 1927, No. 445 and No. 419.

Q. Those were the two principal distributors of that product? A. Correct.

Q. Did they exclusively handle it, or a general line? A. They handled a general line.

Q. I mean, of course, the leading lines? A. Yes.

(Discussion off the record.)

Q. Are you able to testify with respect to the products sold to No. 445 by the Hart & Hegeman Manufacturing Company in 1926 and 1927? A. Not as regards the ratio, but they handled the general line.

Q. Did they continue in business as your distributor after 1927? A. I mean, No. 445 of Buffalo. 1214
A. In 1928 the business was changed to No. 416.

Q. And did you continue to sell? A. We continued to sell them.

Q. What products were sold to No. 416 in that 1928-1929-1930 period? A. The complete line.

Q. Will you name the principal ones? A. Schedule S first; second, schedule B—200 percent.

1929, schedule S first; schedule B second. About 50 percent.

1930, schedule B first; schedule P second. 350 percent.

Q. What were the principal products sold to No. 1215
419 in 1928, 1929 and 1930? A. To No. 419, in 1928, schedule S first; schedule B second. Around 33-1/3 percent.

1929, schedule S first; schedule B second. 50 percent.

By Mr. Gross:

Q. That is 50 percent more than second? A. The ratio between schedule S and schedule B, in 1929, in favor of S, the first.

1216

1930, schedule S first; schedule P second. The same ratio.

Q. 50 percent? A. Yes.

BY MR. HAYCRAFT:

Q. Newark, N. J. A. Newark. In 1927?

Q. Yes. A. Nos. 497 and 498.

Q. There were some other companies in Newark, but those were the two that distributed your products? A. They were the two principal ones. There was also No. 495.

1217

Q. Would you say they were exclusively Hart & Hegeman distributors? A. They were not.

Q. Did you name No. 495? A. I added that. No. 495 is another one. That would be the third largest.

Q. What were the principal products sold to No. 497? A. In 1928, schedule S first; schedule B second. About 60 percent.

Q. 1929. A. 1929, schedule S first; schedule P second. About 60 percent.

(Discussion off the record.)

1218

1930, schedule S first; schedule P second. About 33 percent.

Q. The same with respect to No. 498. A. No. 498, in 1928, schedule S first; schedule P second. That is 16 to 4.

BY MR. GROSS:

Q. 400 percent, isn't that it? A. Yes, 400 percent.

1929, schedule S first; schedule P second. 400 percent.

1930, schedule S first; schedule H second. About 400 percent.

BY MR. HAYCRAFT:

Q. Now, No. 495. A. No. 495, in 1928, schedule S first; schedule P second. That is 10 to 2.

Q. 500 percent? A. 500 percent.

1929, schedule S first; schedule P second. 200 percent.

1930, schedule S first; schedule P second. Approximately 300 percent.

1220 Q. Now, we will go to Philadelphia. Who were your principal distributors of the Hart & Hegeman products in Philadelphia in 1927? A. Bell & Thomas, Franklin Electric Company—

BY MR. GROSS:

Q. In 1927? A. Yes, sir.

Graybar Electric Company, Westinghouse Electric Supply Company, Rumsey Electric Company, and the Novelty Electric Company. Those were the biggest.

BY MR. HAYCRAFT:

1221

Q. Were any of them exclusive distributors for the H. & H. products? A. They were not.

Q. And did they continue to represent Hart & Hegeman since that time? A. Since 1927; yes, they have.

Q. Did you sell a general line to all these firms? A. To the best of my knowledge, yes.

Q. Refer to No. 552, first. Beginning in 1928, what were the principal products sold to them? A.

1222 *Haynes L. Everest—Direct.*

No. 552, 1928, schedule S first; schedule B second. About 500 percent, roughly.

1929, schedule S first; schedule B second. That is preponderately in favor of schedule S.

1930, schedule S first; schedule B second. The same condition holds true there.

Q. No. 553. A. No. 553, 1928, schedule S first; schedule B second. About 50 percent.

1929, schedule S first; schedule P second. 100 percent.

1930, schedule S first; schedule P second. About
1223 200 percent.

Q. The same with respect to No. 555? A. No. 555, schedule S first; schedule P second. About 475 percent.

1929, schedule S first; schedule P second. About 600 percent.

1930, schedule S first; schedule B second. About 350 percent.

Q. No. 559. A. No. 559, 1928, schedule S first; schedule P second. About 350 percent.

1929, schedule S first; schedule P second. About 350 percent.

1930, schedule S first; schedule H second. That
1224 is a ratio of 24 to 5.

BY MR. GROSS:

Q. That is about 500 percent, isn't it? A. Yes, about 500 percent.

BY MR. HAYCRAFT:

Q. Did you make any sales to No. 617 in Philadelphia in 1927? A. I know that we did.

Q. Did you sell them a general line also? A. Yes.

1225

Q. I will ask you what principal products were sold to that firm beginning with 1928? A. 1928, schedule S first; schedule B second. About 250 percent.

1929, schedule S first; schedule B second. About 400 percent.

1930, schedule S first; schedule H second. About 600 percent.

Q. Now, what were the principal Hart & Hegeman distributors in Pittsburgh in 1927? A. Iron City Electric Company, Price Electric Company, Graybar, and Doubleday-Hill.

1226

Q. Do any of these organizations handle Hart & Hegeman products exclusively? A. No, sir.

Q. Did you sell the full line to these various distributors, as far as you know? A. As far as I know, yes.

Q. I will ask you to testify as to the principal products sold to No. 631. A. No. 631, schedule S first,—practically all. Schedule H would be second.

Q. That is true of all three years? A. Yes, sir.

Q. What about No. 633? A. Schedule S first; schedule B second. It is so close that there is very little percentage.

1929, schedule B first; schedule S second. 10 percent.

1227

1930, schedule S first; schedule B second. About 250 percent.

Q. Lancaster, Pa. Through what firms did Hart & Hegeman distribute its products? A. No. 708.

Q. Is that an exclusive arrangement that you had with that firm? A. No, not exclusive.

Q. Was that a large or small distributor in that territory? A. large distributor.

Q. Were your sales substantial? A. They were, to the best of my knowledge.

Q. The full line? A. The complete line.

Q. Will you state what principal products were sold through them? A. 1928, schedule B first; schedule S second. 5 percent.

1929, schedule S first; schedule B second. About 12 percent.

1930, schedule S first; schedule B second. About 50 percent.

Q. Look at the records which you have before you. Would you say as to the other products that you handled that they were pretty well distributed?

1229 A. Very well distributed.

Q. What distributors did you have in Williamsport, Pa.? A. No. 687.

BY MR. GROSS:

Q. In 1927? A. Yes, in 1927.

BY MR. HAYCRAFT:

Q. Did you have an exclusive arrangement with No. 687? A. No, sir.

Q. Was it a large or small distributor? A. It was a large distributor.

1230 Q. Were your sales to that firm substantial? A. Quite.

Q. Will you state what were the principal products, beginning in 1928, that you sold to them? A. Schedule S first; schedule B second. About 10 percent.

1929, schedule S first; schedule B second. About 25 percent.

1930, schedule S first; schedule B second. About 12½ percent.

Q. How about the other products? A. Very well distributed.

1231

Q. From your recollection of the business in this territory, which is known as the New York territory, I believe, consisting of about 15 districts— A. Do you mean the whole State of New York territory?

Q. No, what I have in mind is the territory which would include probably your Philadelphia and New York branch offices—going down into West Virginia— A. The territory that we have just covered.

Q. Yes. I want to ask whether I had included the principal distributors in that territory. A. To the best of my knowledge, you have.

1232

Q. Will you say that the ratio of distribution of the various products represented by these schedules would run about the same to the other distributors who were not included; or do you think the ones that we have picked were representative? A. I think the ratio would run fairly even.

Q. One might be more or one might be less. A. Largely according to locality. That has much to do with the type of material sold.

Q. Will you refer to your records and state what the total sales were in 1926 in this territory which we have covered?

(Discussion off the record.)

1233

A. That is, including metropolitan New York, New York State, and Pennsylvania?

BY MR. GROSS:

Q. Including Philadelphia? A. Including Philadelphia.

BY MR. HAYCRAFT:

Q. And parts of West Virginia. A. I don't know whether they are in here.

1234 *Haynes L. Everest—Direct.*

Q. Look at the very tail end of it there. A. And West Virginia.

Q. New Jersey? A. New Jersey would come in that, of course.

Now, in 1926, $1,010,373.

1927, $927,747.

1928, $1,373,083.

1929, $1,243,013.

1930, $958,044.

Q. I am going to ask you to go back to the records which you have before you there and indicate,
1235 outside the metropolitan New York, which we covered in my previous question, what manufacturers were sold by the Hart & Hegeman Manufacturing Company in 1926 and 1927. A. None.

Q. Now, then, in 1928, do you find a number of sales made to manufacturers? A. Yes.

Q. In 1929 and 1930 also? A. Correct.

Q. Will you state for the record how you account for the increased sales, 1928 over 1927? A. Largely to the sale of appliance material.

Q. Would that be true also of 1929? A. Correct.

Q. And you say your answer would be the same in respect to 1930 as in the New England territory
1236 —business depression? A. Business depression.

(Discussion off the record.)

Examiner Reeves: The hearing will be adjourned to Wednesday morning, at 10 o'clock daylight saving time, May 27, 1931:

(Whereupon, at 5 p. m. the hearing was adjourned to May 27, 1931, at 10 a. m., daylight saving time.)

Conference room, Arrow-Hart & Hegeman Electric Co., 103 Hawthorne Street, Hartford, Connecticut. 1237

May 27, 1931.

Met pursuant to adjournment, 10 a. m. daylight saving time.

Before—WILLIAM C. REEVES, *Examiner*.

APPEARANCES:

E. F. HAYCRAFT, Attorney for the Federal Trade Commission.

CHARLES WELLES GROSS and WALLACE W. BROWN, of CROSS, HYDE and WILLIAMS, 49 Pearl Street, Hartford, Connecticut, Attorneys for the Respondent. 1238

ARTHUR F. SHIPMAN, of SHIPMAN & GOODWIN, 15 Lewis Street, Hartford, Connecticut, Attorneys for the Respondent.

PROCEEDINGS.

Examiner Reeves: There have been offered in evidence a number of documents which relate to the organization of the respondent Arrow-Hart & Hegeman Electric Company and to its operation and the conduct of its business. Objections to the offer were made by counsel for respondent upon the grounds that such documents were irrelevant and immaterial, and that the matters to which such documents related were outside the jurisdiction of the Federal Trade Commission. These objec- 1239

1240 *Edward R. Grier—Direct.*

tions were taken under advisement, and are now overruled, and the documents heretofore marked for identification as Commission's Exhibits 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 60, 61, 62, 63 and 64 are received in evidence as exhibits, each taking the respective number given it for identification, to which ruling of the Examiner counsel for the respondents except, which exception is allowed.

(The documents were thereupon received in evidence and marked "Commission's Exhibits
1241 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 60, 61, 62, 63 and 64, respectively.")

(Discussion off the record.)

Mr. Haycraft: I will call Mr. Grier.

EDWARD R. GRIER, was thereupon called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HAYCRAFT:

Q. Please state your name, residence, and occu-
1242 pation, Mr. Grier. A. Edward R. Grier, 140 Fern St., Hartford. Occupation president of the Hart & Hegeman Electric Co.

Q. How long have you been president? A. I have been president since the merger.

Q. January, 1929? A. January, 1929.

Q. The corporation of which you are president has been named respondent in this proceeding, and we term it the new respondent, I believe? A. Yes.

Q. And prior to January 1, 1929, what was your occupation? A. President of the holding company.

1243

Q. That holding company was named what? A. Arrow-Hart & Hegeman, Inc.

Q. We refer to that as the old respondent in this proceeding. A. Old respondent.

Q. And you were president of that from its organization in October, 1927? A. I was.

Q. At the same time that you were president, did you have any other official position? A. None whatever.

Q. Or in any other subsidiaries? A. No, sir.

Q. How about the Arrow Electric Company? A. I was vice-president.

Q. During the period from October, 1927 until January, 1929? A. Yes. 1244

Q. Who was president? A. Charles G. Perkins.

Q. And while you were vice-president of the Arrow Electric Company, and during that 15-months period, what were his official duties with the Arrow Electric Company? A. The president of the company; as president.

Q. He had full charge of the business? A. Full charge.

Q. Prior to October, 1927, you were vice-president of that same corporation? A. Vice-president of the same corporation.

Q. For how long a period of time? A. About 20 years. 1245

Q. And in the same capacity? A. In the same capacity.

Q. What was the business that the Arrow Electric Company was engaged in prior to October, 1927? A. Manufacturing electrical wiring devices.

Q. That would include, generally, what products? A. Shelf goods, as we determine it.

Q. Will you describe them. A. Shelf goods are goods which are used in the ordinary construction

1246 *Edward R. Grier—Direct.*

work of buildings and in electrical work. They are carried in stock by the various jobbers in the country.

Q. Can you identify this catalogue, Mr. Grier? A. I identify it as calalogue No. 21.

Q. Will you state when that was published or issued. A. Well, it does not say—October, 1925, I suppose.

Q. How long was it in effect? A. About a year or a year and a half, to the best of my knowledge.

Q. Does this catalogue contain a description of
1247 the various articles issued for sale? A. It does.

Q. Can you testify from your memory, or from the catalogue, the various products that were included? A. Switches, sockets and receptacles of all kinds, attachment plugs, and switch plates.

Q. Did you describe them by schedule in your catalogue and records? A. We did.

Q. How did you divide them by schedules? A. Sockets, B; switches by S. The balance of the line H.

Q. You didn't have— A. I am just looking to see if there are any more schedules here. Schedule P, plugs of all kinds. Schedule Y. I can't tell what Y is. It is an old schedule; a minor schedule.

1248 Q. Under those switches that you handled, what were the various types of switches? A. They were known as surface, push-button and flush switches.

Mr. Haycraft: I offer that catalogue in evidence.

Examiner Reeves: This catalogue will be received in evidence as Commission's Exhibit 72.

(The catalogue was thereupon received in evidence and marked "Commission's Exhibit 72.")

1249

Q. At that time, did you manufacture what is known as heater switches? A. We did.

Q. For what purpose were they manufactured? A. They were used on electrical ranges; electrical stoves or ranges.

Q. Can you recall when you first went into that line? A. To the best of my recollection, in the neighborhood of 1924.

Q. I ask you to identify this catalogue, which I hand you now. A. I identify that as catalogue No. 4, of April, 1927, containing heater switches.

1250

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This will be received in evidence as Commission's Exhibit No. 73.

(The catalogue was thereupon received in evidence and marked "Commission's Exhibit No. 73.")

Q. Did you sell these heater switches direct to manufacturers, or were they distributed to jobbers? A. We sold them both ways.

Q. How do you mean? A. We sold them direct to the manufacturers, and also billed certain numbers to our distributors.

1251

Q. You sold this general line as described in this catalogue No. 21 through jobbers? A. We sold them to distributors.

Q. Did you have branch sales offices? A. We did.

Q. Can you state now where they were located in 1926 and the early part of 1927? A. The principal offices were in New York, Chicago, San Francisco, Boston and Baltimore. The branches—the offices represented by salesmen who reported to the other principal offices were at Syracuse, St. Louis, Pittsburgh and Detroit.

1252 Q. Did you sell any through commission offices—brokers? A. No, not brokers. I would not use the term brokers. In the Boston territory, there, we had a commission agent.

Q. At Boston? A. At Boston. I think I am correct on that.

Q. Where did you manufacture the products which you had to sell? A. Hartford.

Q. All of them? A. All of them.

Q. Did you have any branch factories anywhere else? A. No, sir.

1253 Q. Where did you manufacture porcelain? A. Washington.

Q. Washington, New Jersey? A. Yes.

Q. Was that factory owned by you or by a subsidiary company? A. Owned by us. It manufactured exclusively for our products—the raw material.

Q. Did you build that plant at Washington? A. We purchased it.

Q. How long ago? A. To the best of my knowledge, I believe about ten years ago.

Q. When you bought it, did you buy the physical assets, or by stock control? A. We bought the stock.

1254 Q. How long did you own the stock before you bought the assets? A. Immediately.

Q. Did you transfer the assets? A. The assets followed the stock.

Q. What was the capitalization of the Arrow Electric Company prior to October, 1927? A. I don't remember. I would have to refer to the records. I might add this, that it consists of common and preferred stock.

Q. Do you know how much of each? A. I recall the preferred stock at that time was $2,000,000.

1255

Q. Did you inform yourself as to the common stock outstanding?

Mr. Gross: You can show him that merger agreement, Exhibit 51, I think. That would be the quickest way.

Mr. Hayeraft: Yes.

(Handing papers to witness.)

A. 30,000 shares of common stock at a par value of $25.

Q. I ask you to identify this paper which I hand you now, Commission's Exhibit No. 8. A. I identify 1256
this paper. It hasn't got the date down here.

Q. No. A. It is between Mr. Grier and Mr. Williams.

Q. Mr. Williams testified yesterday, or the day before yesterday, that you gave him that around the 4th of July. A. Yes, and I testify that that is correct.

Mr. Gross: 1927?

Mr. Hayeraft: 1927, yes.

Q. I also show you Exhibit 9, and ask you if you recognize that? A. I recognize Exhibit 9 as being 1257
a forecast made by me as to what could be accomplished.

Q. By the forming of the old respondent? A. Yes.

Q. Will you say, then, that the appraised value of the Arrow Electric Company on or about January 1, 1927, was about $4,500,000? A. If I said it in the record, I testify as so saying. I don't remember now.

Q. In other words, the statement that you made here in this memorandum probably would be taken from your records? A. In all probability. I can't be exactly certain where I got the figures.

Q. How did you arrive at the 60-40 percentage basis, the ratio between your business and the Hart & Hegeman business to go into the holding company? A. Simply a hunch from what I thought it was worth; a pure guess on my part.

Q. That was the guess that was followed? A. That was my best guess as to the value.

1259 Q. Based on your knowledge? A. Based on my knowledge of the business, taking everything into consideration.

Q. I show you Exhibit 10, and ask if you recognize that? A. I testify that the agreement made on the 6th of August by Mr. Grier and Mr. Williams is correct.

Q. That is Exhibit 10? A. Yes.

Q. Attached to that was a Schedule A, which purports to show the stockholders of the Arrow Electric Company as of that date. That is made a part of it. A. I identify that as a part of the agreement.

1260 Q. I show you Commission's Exhibit 11, which purports to be a supplemental agreement to the one that you have just identified, and ask if you recall that agreement? A. This is a supplemental agreement making certain changes.

Q. Yes. A. I identify the supplemental agreement of October 6, 1927.

Q. Commission's Exhibit 11? A. Yes.

Q. Can you state why that supplemental agreement was entered into? A. I don't remember—the chances are that we went over it roughly, and then,

1261

on the same day, that we went over it more carefully, and we made certain changes.

Q. It was changes in certain directors. The chances are that we thought it would be—my recollection is that we made the changes—I don't remember what the changes were.

Mr. Gross: You had better read it and see. (Discussion off the record.)

A. As I remember this document, the change was that there would not be interlocking directors in the two companies.

1262

Q. In other words, the men that were selected to serve as directors of the holding company were not to serve as directors of the operating companies? A. Yes.

Q. What did you do, Mr. Grier, in carrying out these agreements? A. We carried them out as per these agreements, as far as I can remember.

Q. What part did you play in that? What did you do? A. I associated myself with Mr. Williams, and together we saw that the things were carried out.

Q. I show you Commission's Exhibit 17 and ask if you recognize that? A. I identify the letter to Samuel P. Williams, written by me, under date of August 11, 1927.

1263

Q. I also show you Commission's Exhibit 18 and ask if you can recall that? A. I identify my letter to Mr. S. P. Williams of August 27, 1927, which suggested a letter to the distributors.

Q. Did you mail the letter which you have attached to it, August 25, 1927? A. We did.

Q. How many distributors did you have at that time, do you recall? Just approximately. A. I

1264 can't remember, but I should say in the neighborhood of 200 to 250. That is purely a guess on my part.

Q. Did the Arrow Electric Company, of which you were vice-president in October, 1927, take any action with respect to the formation of the holding company as outlined in this agreement of August 6, 1927? A. As a company?

Q. Yes. A. No.

Q. You were a stockholder? A. I was a stockholder only.

1265 Q. What did you do there as a stockholder? A. I talked with Mr. Williams, as a stockholder, to see if we can form a holding company.

Q. Did you take stock in the holding company? How did you get the stock? A. I received stock from the holding company for the Arrow stock.

Q. In exchange for it? A. I suppose you might call it exchange.

Q. After the holding company was organized, what changes, if any, were made in the business of the Arrow Electric Company? A. The changes that were made were these: the Arrow Company bought from the H. T. Paiste Company certain as-

1266 sets in the way of machinery and stock, moved to Hartford, and the goods were manufactured by the Arrow Company and sold to the Hart & Hegeman Company.

Q. I ask you to identify this paper which I hand you now. A. I identify this as a special meeting of the Board of Directors of the Arrow Electric Co. as of December 5, 1927.

Q. That is a copy of the minutes? A. A copy of the minutes.

Q. With the call at the head of it? A. Yes.

Q. Dated December 15? A. Yes.

1267

Mr. Haycraft: I offer this in evidence.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit No. 74.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 74".)

Q. This exhibit, which you have just now identified, shows the corporate action with respect to the purchase of the H. T. Paiste Company that you referred to a moment ago? A. That is correct.

1268

Q. Mr. Grier, weren't you elected president of the Arrow Electric Company in January, 1928? A. My recollection is that I was elected the president of the Arrow Company right after the merger, if I remember correctly.

Q. Will you look at this paper?

(Discussion off the record.)

(The last question was repeated by the reporter.)

A. I was elected president and treasurer of the Arrow Electric Company on January 20, 1928, correct.

1269

Q. And you were, according to your testimony that you gave here,— A. What other testimony?

Q. That you were vice-president during all that period of time. A. Yes, you will have to correct that testimony. I was president during part of the holding company period.

Q. I will ask you to identify this paper. A. I identify the special meeting of the Board of Directors, a copy of the minutes of March 16, 1928, including the call.

1270 *Edward R. Grier—Direct.*

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document is received in evidence as Commission's Exhibit No. 75.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 75".)

Q. Did the Arrow Electric Company purchase the porcelain plant of the Hart & Hegeman Manufacturing Company? A. They did not.

Q. Did you acquire it in any way? A. We pur-
1271 chased about $12,000 worth of assets, including certain machinery and certain raw material.

Q. What did you do with those? A. We had all the facts prepared for you when you asked us for them.

(Discussion off the record.)

Q. During the period of time, four or five years prior to October, 1927, had the Arrow Electric Company been paying dividends on its preferred and common stock? A. It had.

Q. Had it created a surplus during that period
1272 of time out of which to pay such dividends? A. It had.

Q. Will you state for the record about how much surplus you had on hand, say, on May 31, 1927? A. I would have to look at the records. I don't know.

(Witness consults papers.)

At a special meeting of the Board of Directors, held July 8, 1927, a balance sheet was presented to the Board of Directors showing a surplus of $782,931.48.

1273

Q. So that, would you say, that the Arrow Electric Company was in good financial condition at that time? A. It was.

Q. As president of the old respondent, what were your duties after October 27 up to January 1, 1929? A. Very little to do. Simply carried out the duties of the office.

Q. Did you act in an advisory capacity with the officials of the Hart & Hegeman Manufacturing Company? A. That is a pretty hard question to answer. We naturally discussed various matters. We naturally would. I certainly did not direct them at all, not as president of the holding company.

1274

Q. Why do you say that? A. Simply because I didn't.

Q. In other words, the result of entering into, or forming that holding company did not benefit the Arrow Electric Company at all so far as executives were concerned? A. We did not have anything to do with it at all. It is an entirely independent corporation.

Q. Then Mr. Williams, so far as you are concerned, carried on the business of the Hart & Hegeman Manufacturing Company— A. It is an entirely independent concern.

1275

Q. Did he ever ask your advice in respect to executive matters? A. I don't remember, but I imagine we discussed general business matters, as any two business men would.

Q. Did you make any changes with respect to your sales organization during that 15 months' period of time? A. I will make this statement, that we did not make any changes of any importance. We might have hired another salesman and let an-

1276 *Edward R. Grier—Direct.*

other salesman go, but I can't recall, other than that probability,—that is, minor changes.

Q. In October, 1927, at the time this holding company was formed, who had charge of your plant? A. Mr. Frank Alley, the superintendent.

Q. As the superintendent of all the manufacturing? A. Superintendent of all the manufacturing.

Q. Did you have a superintendent at the Washington works under him? A. No, the Washington plant was run entirely as an independent concern.

Q. Is Mr. Alley an engineer or simply a practical man? A. Practical manufacturer.

1277

Q. How long has he been with you? A. From what time?

Q. From October, 1927, back? A. Oh, let us say, about 20 years.

Q. Are you an engineer? A. Well, that is rather embarrassing. I did consider myself an electrical engineer years ago, but I am now a business man.

Q. In other words, you graduated from an electrical engineering school? A. I got a certificate that gave me the right to declare from the housetops that I am thoroughly capable of running a trolley car, if that is what you mean.

1278 Q. Who had charge of the sales? A. Mr. Harvey Pond.

Q. How long had he been your sales manager at that time? A. I should say ten years.

Q. Did you supervise both the manufacturing and sales policy of your company? A. I did.

Q. To what extent? A. Just the general standpoint, as an executive.

Q. In doing that, would you pass upon recommendations made to you by these practical men, or would you formulate the policies yourself and submit them to them? A. Both ways.

1279

Q. Did Mr. Pond and Mr. Alley continue in their respective capacities during that 15 months period of time from October 1927 to January 1, 1929? A. They did.

Q. Now, then, on or about January 1, 1929, on the formation of the so-called new respondent, the Arrow-Hart & Hegeman Electric Company: I show you Commission's Exhibit 51, and ask if you are acquainted with that agreement? A. I certify to the agreement, consolidation and merger between Hart & Hegeman Manufacturing Company and the Arrow Electric Company.

1280

Q. Exhibit 51? A. Yes.

Q. December 31, 1928? A. Yes.

Q. Did you take any part in the preliminary negotiations which resulted in this agreement which you have just identified?

Mr. Gross: I object, Mr. Commissioner, on the same lines of the irrelevancy of anything that has to do with the merger, on the ground of jurisdiction, which I already raised and I understand, sir, that all testimony relating to the merged company and transactions on and since January 1, 1929, will be covered by the general objection, without encumbering the record.

1281

Examiner Reeves: The Examiner so understood. It may be so noted on the record. The objection at this time will again be overruled.

Mr. Gross: And, as usual, an exception will be preserved each time.

Mr. Hayeraft: Please read the question.

(The last question was repeated by the reporter.)

A. Simply discussing it with the lawyers.

1282 *Edward R. Grier—Direct.*

Q. Did you discuss it with Mr. Williams? A. I don't remember that, but I think we certainly must have discussed it or talked with him about something.

Q. Can you testify now the various steps that were taken by the Arrow Electric Company, of which you were president? A. At what time?

Q. On or before December, 1928, at the time this merger was contemplated? A. No, I couldn't.

Q. I show you Commission's Exhibits 43, 44, 45 and 46, and ask if you recall those exhibits as being
1283 the action taken as indicated during the fall of 1928, to carry out the plan of merger? A. I identify these papers.

Q. I also show you Commission's Exhibits Nos. 48 and 49 and ask if you identify those exhibits as action taken by the Arrow-Hart & Hegeman, Inc.?

Mr. Gross: The old respondent.

Q. Yes, the old respondent. A. I identify these.

Q. I show you now what purports to be the minutes of the Arrow Electric Company—

Mr. Gross: That is Exhibit E?

1284 Mr. Haycraft: Yes.

Q. (Continuing)—the first of the special meetings of the Board of Directors, held on December 11, 1928, and then the stockholders' meeting, held on December 31, 1928, as found in Exhibit E, attached to the answer of the respondent to the supplemental complaint, and ask if you identify these minutes? A. I do.

Mr. Haycraft: I ask that the minutes of December 11 of the Board of Directors be marked

Commission's Exhibit No. 76 and the one of the stockholders, of December 31, No. 77.

Examiner Reeves: These documents referred to by counsel for the Commission will be considered in evidence as Commission's Exhibits 76 and 77.

(The documents were thereupon received in evidence and marked "Commission's Exhibits 76 and 77".)

Q. I now show you Commission's Exhibits 52 and 54, and ask if you identify those two exhibits. A. I do.

1286

Q. I now show you a paper and ask if you can identify it? A. I do.

Q. What is it? A. It is an unofficial call for the directors of the Arrow-Hart & Hegeman Electric Company.

Q. The new respondent? A. The new respondent; of a meeting on January 1, 1929, at the office of the Arrow-Hart & Hegeman Electric Company, at Hartford.

Q. And that is a copy of the notice that you sent out? A. Yes.

Q. Dated December 26, 1928? A. Yes.

Mr. Hayeraft: I offer it in evidence. 1287

Examiner Reeves: This will be received in evidence as Commission's Exhibit No. 78.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 78".)

Q. I show you two papers and ask if you can identify them? A. I identify this paper of July 1, 1929, sent—

Mr. Gross: January 1.

1288 *Edward R. Grier—Direct.*

A. (Continuing) January 1, 1929, sent to the stockholders of the Arrow Manufacturing Company and to the stockholders of the H. & H. Electric Company.

Q. And how were they further addressed? A. "Formerly the stockholders of Arrow-Hart & Hegeman, Inc., now in liquidation."

Q. What is the other one? A. Paper dated Hartford, Conn., January 1, 1929, to the preferred stockholders of the Arrow Electric Company and to the preferred stockholders of the Hart & Hege-
1289 man Manufacturing Company.

Mr. Haycraft: I offer those two in evidence.

Examiner Reeves: These two documents will be received in evidence as Commission's Exhibits 79 and 80.

(The documents were thereupon received in evidence and marked "Commission's Exhibits 79 and 80".)

Q. Can you state for the record just what was done in the dissolution, you might say, of Hart & Hegeman, Inc. and the organization of the new re-
1290 spondent? A. What do you mean, what was done?

Q. What happened to the stock that was held by the stockholders of the old respondent, the Arrow-Hart & Hegeman, Inc.?

Mr. Gross: I object to the question as calling for a conclusion of law. As a matter of fact, it does not sequence in on account of the two subsidiaries that came in. The agreement recites what was done, and I say the papers speak for themselves.

(Discussion off the record.)

1291

Examiner Reeves: The objection will be overruled.

(The last question was repeated by the reporter.)

A. I can't answer that question without going over the record. I can't remember all this.

Q. This agreement, Commission's Exhibit 51, was carried out, so far as you know? A. So far as I know it was carried out.

Q. Did you own stock in the Arrow-Hart & Hegeman, Inc., the old respondent? A. I did.

1292

Q. Did you turn that in for stock in the Arrow Manufacturing Company? A. I owned the stock through a Trust Company. I don't know what they did with it.

Q. Do you still have it in your possession? A. The Trust Company had entire charge of my orders, and I have not followed up what they did with it.

(Discussion off the record.)

Q. Now, then, after January 1, 1929, you became president of the consolidated company, the new respondent in the case? A. I did.

1293

Q. Who were your other officers? A. The Vice-president, Mr. Perkins; another vice-president was Mr. Samuel P. Williams. I can't remember that without the record. Wait a minute, I will read that.

President, Edward R. Grier,
Vice-president, Samuel P. Williams,
Vice-president, Benjamin C. Perkins, and Monroe Guett.
Treasurer, Samuel P. Williams.
Secretary, Benjamin C. Perkins.

1294 *Edward R. Grier—Direct.*

Thomas A. Inch was appointed Comptroller of the company.

Q. What were his duties? A. With special duties that may be assigned to him from time to time by the president.

Q. Who became your Board of Directors? A. The Board of Directors were named in Exhibit 51.

Q. Were there any changes made after the company was organized, in the Board of Directors? A. I don't know, I will have to look it up. Shipman
1295 and Gross were added, as shown in the minutes, Exhibit 64.

Q. In setting up your organization of the new consolidated corporation, whom did you appoint as your sales manager? A. There were no changes. I remember after the new respondent went into effect I don't know of a single change that was made in personnel. The changes came later.

Q. When did they come and what were they? A. So few changes that I can give them to you. Mr. Pond was made general sales manager.

Q. He had been your sales manager for years? A. Yes. He probably received that position prob-
1296 ably a year ago. Mr. Frank Alley was made from superintendent of the Arrow Company to general superintendent of the new company.

Mr. John R. Cook was made vice-president and general manager.

Mr. Pond was elected at one of the later meetings.

Mr. Inch, the Comptroller, was changed to treasurer of the company. Wait a minute. Mr. Williams resigned the office of treasurer and Mr. Inch was made treasurer. I will refer to the papers.

1297

(Discussion off the record.)

The Witness: This is taken from the records of the Board of Directors' meeting of March 18, 1930:

John R. Cook, vice-president.

Harvey C. Pond, vice-president.

Charles A. Ten Eyck, to assistant treasurer.

E. Bosworth Grier, secretary.

W. H. Harrington, assistant secretary.

Mr. Williams resigned as treasurer. Mr. Benjamin C. Perkins resigned his office of secretary. Thomas A. Inch resigned his office as assistant secretary. Those are the changes in the officers.

1298

Q. Beginning with Mr. Cook, had he been general manager? A. He had not.

Q. When was he made general manager? A. About a year ago.

Q. What were his duties prior to that time? A. He was manager of the appliance department.

Q. Of which company? A. He was manager of the appliance department of both companies—of the new company, the new respondent. He was in charge of the appliance business.

1299

Q. Prior to January 1, 1929? A. He was in charge of the sales of the appliance business of the Hart & Hegeman Manufacturing Co.

Q. Now, he is in charge of the appliance department— A. Now he is general manager.

Q. What do his duties constitute? A. That is a pretty hard question for me to answer—the duties of a general manager, what the duties of the general manager are, according to the term.

1300 *Edward R. Grier—Direct.*

Q. You are president? A. I am president. He reports to me.

Q. What does he include in his work? A. Naturally, he has charge of the general business of the corporation.

Q. Does it include manufacturing? A. Manufacturing, as well as selling.

Q. Mr. Williams, what are his duties now? A. Mr. Williams is practically the vice-president, and reports to me.

Q. He is the executive vice-president? A. Yes.

1301 Q. Does Mr. Guett have any position? A. Mr. Guett is vice-president of the new organization.

Q. What are his duties, as such? A. His duties as designing engineer and in charge of the designing end of the company.

Q. Mr. Alley has charge— A. He is general superintendent of the company.

Q. As such, he has charge of the general factory? A. Charge of the general factory.

Q. To whom is Mr. Pond responsible? A. Mr. Pond is responsible to me and also to Mr. Cook, in the general sense of the term.

Q. What other changes were made during that

1302 time? A. What kind of changes?

Q. In the personnel—I mean of the executive type. A. I think that covers it.

Q. How about Mr. Everest? A. Everest has the same position he has had right along. He is in charge of the jobbing end of the Hart & Hegeman Division sales.

Q. Who is in charge of the jobbing end of the Arrow business? A. Mr. Pond.

Q. Mr. Pond, then, is not only general sales manager, but— A. Mr. Pond is general sales manager and Mr. Everest is sales manager of the Hart &

1303

Hegeman end, and reports to Mr. Pond on general matters.

Q. Does Mr. Cook have charge of the appliance department of both divisions? A. Yes.

(Discussion off the record.)

Examiner Reeves: The hearing will be adjourned to 2 o'clock p. m.

(Whereupon, at 12:20 p. m., a recess was taken to 2 p. m.)

1304

AFTER ADJOURNMENT—2 P. M.

DIRECT EXAMINATION (Contd.) BY MR. HAYCRAFT:

Q. By both divisions, I mean the Arrow Division and the Hart & Hegeman Division of the present corporation. A. Yes.

Q. How is the work divided between those two divisions? A. The work is divided—the division is commercial.

Q. And does each commercial— A. We have one set of books.

Q. Take, for instance, the manufacturing plants 1305
that you now operate. Do they manufacture the same products, but stamp different brands on them? A. We have no division from a manufacturing standpoint now. There is one division, so I can't answer that question.

Q. That answers that. A. We have no division from a manufacturing standpoint now. There is one division, so I can't answer that question.

Q. That answers that. The manufacturing plant makes up the orders received? A. No, sir, we carry

1306 *Edward R. Grier—Direct.*

stock. The special stuff is made on orders received.

Q. Take the superintendent of the plant, Mr. Alley: how does he know how many sockets or receptacles are manufactured? A. They have a production department, of which Mr. Carrol is in charge.

Q. The production this year depends on the sales last year? A. Yes.

Q. And Mr. Alley and Mr. Carroll determine how many thousand Arrow plugs and Hart & Hegeman
1307 plugs, sockets, plates, switches and so on, would be manufactured during a given period of time? A. Yes.

Q. How do you advertise now? A. Advertise as two divisions.

Q. The name, with two divisions? A. Yes, of course we have to, the Arrow Division of the Arrow-Hart & Hegeman Electric Co.

Q. Is the expense allocated between the two divisions, or is that simply an overhead expense in a general way? A. Taken in a general way.

Q. Is there any particular expense that is set aside for advertising for the Arrow brand, for in-
1308 stance, or the Hart & Hegeman brand? A. Not when advertising.

Q. In the last analysis, at the present time the Arrow-Hart & Hegeman Electric Company is engaged in the manufacture and sale of electrical wiring devices under two brands? A. Under two brands. One company and two brands.

Q. From time to time, as new articles are added, do you sell them under both brands? A. As a rule, the new articles are under the Hart & Hegeman Division, because most of our new stuff is scientifically designed stuff, mostly on the switch line.

1309

Q. You are pushing your business that way now? A. Yes.

Q. Are you getting out any articles that are branded or stamped Arrow and H. & H. together—both names? A. I can't answer that question, but I think we have two brands. Can I refer to Mr. Cook on that? There are two brands. It may be some minor thing that we make two dies, some little thing.

Q. And Mr. Guett, who is in charge of your designing, he is working, of course, for the one company? A. One company has charge of the designing of both divisions. We have no two divisions when it comes to manufacturing.

1310

Q. So far as you are concerned, as an executive of this corporation, it makes no difference to you which brand leads in point of sale, so far as the profits are concerned? A. It does not make any difference about profit.

Q. If more Hart & Hegeman business is done than Arrow business. A. I might say that if one division gets ahead of the other, it will stimulate the other one.

Q. You as an executive encourage rivalry between the two? A. The highest we can do, because it is common sense.

1311

Q. How about the price at which these various articles are sold? That is now entirely under your supervision. A. Any important decision that would come up, would be brought to me. I don't go into all the details of all the prices.

Q. Upon whom do you rely for recommendations? A. Mr. Cook and Mr. Pond.

Q. Cook for the special appliances? A. Yes, and once in a while he comes to me and talks to me about it. As a rule, he makes the prices.

1312 *Edward R. Grier—Direct.*

Q. I want you to identify this catalogue. A. I do.

Q. What is it? A. That is a catalogue of the Arrow Division of the Arrow-Hart & Hegeman Electric Co. It is so stated, I think.

Mr. Haycraft: I offer it.

Mr. Gross: Put the date on it.

The Witness: Catalogue No. 21, November, 1929.

Examiner Reeves: This catalogue is received

1313 in evidence as Commission's Exhibit No. 81.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 81".)

Q. I show you another catalogue and ask if you recognize that? A. This is a catalogue of the Hart & Hegeman Division.

Q. The same date? A. The same date exactly. This is a catalogue of the Hart & Hegeman Division of the Arrow-Hart & Hegeman Electric Co., issued November, 1929.

Mr. Gross: With inserts?

1314 The Witness: Yes, with inserts. Both of them have inserts.

Examiner Reeves: This is received as Commission's Exhibit 82.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 82".)

Q. Who in your organization has charge of the preparation of these catalogues? A. Mr. Edward Bosworth Grier and Mr. Rollin Peck. They work together.

Q. For both divisions? A. Yes, they work together for both divisions. 1315

Mr. Haycraft: I think that will be all.

CROSS EXAMINATION BY MR. GROSS:

Q. In answer to that last question, Mr. Grier, you meant to say that Edward Bosworth Grier prepared the work for the Arrow Division and Mr. Rollin Peck for the Hart & Hegeman Division? A. Yes, sir.

Q. They were not working together on the same catalogue? A. They help each other, but one is advertising manager of the Hart & Hegeman Division and the other is advertising manager of the Arrow Division. 1316

Q. Will you give us a little statement of the history of the Arrow Electric Co., as to when it was incorporated, and how long you have been with it; the general history, as we have had the other day from Mr. Williams for the Hart & Hegeman Manufacturing Company. A. In detail?

Mr. Haycraft: I must object to that as not proper cross examination, not that I object to its being brought out. 1317

Examiner Reeves: Objection overruled.

Q. Start with the organization; who started it, when it was started, and where? A. I should think about 1903 the corporation was started under the name of the Perkins Corporation.

Q. By whom? A. By Mr. Charles G. Perkins. In about 1906 I came with the organization as vice-president; and after I came with them we changed the name to the Arrow Electric Co.

1318 *Edward R. Grier—Cross.*

Q. Where was it first operated? A. It was first operated here in Hartford; always has been in Hartford.

Q. And its corporate existence has continued from that time until this? A. To the present time.

Q. What was the nature of the business when it first started? A. Manufacturing switches and sockets.

Q. And then expanded into other lines? A. General wiring device lines.

Q. When did it come into the present plant on
1319 Hawthorne St., approximately? A. I should think about 10 years, roughly—12 years ago. I think I had better correct myself: 12 or more.

Q. Whether or not the form in which the holding company was incorporated was devised for the purpose of preserving the good-will value of the brands of the two companies.

Mr. Hayeraft: That is objected to as incompetent, irrelevant and immaterial and as not within the issues in this case.

Mr. Gross: I claim it, if your Honor please, as proper cross examination of the transaction
1320 which has been gone into in full on the examination in chief by the attorney for the Commission.

Mr. Hayeraft: I do not object to it on that ground. I object to it on the ground that it calls for an answer that has nothing to do with the issues in this case: the intention or purpose of the parties to the forming of the holding company.

Mr. Gross: It seems to me that a man's purpose and intention is very material.

Examiner Reeves: The objection is overruled.

Mr. Haycraft: Exception.

Mr. Gross: Will you read the question?

(The last question was repeated by the reporter.)

A. It was.

Q. When the holding company was organized, was the sole plan to effectuate a manufacturing organization?

Mr. Haycraft: That is objected to on the same ground.

Examiner Reeves: Objection overruled. 1322

Mr. Haycraft: Exception.

A. It was.

Q. Will you state some of the economies which were accomplished; for instance, I think you testified this morning that the purchase by Arrow of the machinery, tools, dies and inventory of the Paiste Company—you testified to that on examination in response to Mr. Haycraft's questions, didn't you? A. Yes.

Q. Will you state any other manufacturing economies during that period of years? A. The Hart & Hegeman Division manufactures switch plates, and 1323
they had automatic machinery with which to manufacture them, and we manufactured them by hand, and the cost of production was very great, and we bought the plates from the Hart & Hegeman Company to save money.

Q. And that was a commercial transaction? A. We paid for them, just as any other company would purchase from any other foreign corporation.

Q. As a matter of fact, you might buy parts from any other manufacturer in the business? A. Yes, as we did.

Q. And likewise, in turn, you probably make parts and sell to other manufacturers in the trade? A. We manufacture and we buy from other manufacturers.

Q. Now, was there any other economy in the matter of making parts on your automatic screw machines during that period for the Hart & Hegeman Manufacturing Company? A. They had no machinery to make them. We made the parts here and sold them to them in the ordinary way.

Q. In the same way as to any other corporation?

1325 A. Yes, sir.

Q. It was testified by Mr. Williams on his testimony yesterday that Hart & Hegeman Manufacturing Company was furnished with skillful assistants in the matter of the statistical department. Will you tell us about that? A. We furnished a number of employees. We furnished Mr. Fagan, Mr. Wilmot, and one of the brightest girls in the place, Miss Smart, all skilled people, and they went into Hart & Hegeman, and went on their payroll, to assist them.

Q. For the purpose of developing their statistical— A. Statistical and production departments. They were very weak.

1326 Q. During that same period of 15 months of the old respondent, what was done with reference to production of porcelain in the interest of manufacturing economies? A. The Hart & Hegeman shut down their plant, which was rather expensive, and they purchased from the Washington Porcelain Company, a subsidiary of Arrow, the same as they would buy it from anybody else.

Q. And did your subsidiary buy some of the inventory or other equipment of the Electric Porcelain & Manufacturing Company? A. They bought

$4,000 worth of the material, and some machinery, and we paid for it in cash.

Q. After that period, the Washington Porcelain Company, which was then a subsidiary of the Arrow, made the porcelain parts for both the Hart & Hegeman Manufacturing Co. and the Arrow Electric Company? A. Yes.

Q. During the period of 15 months of the old respondent, were the two companies, the Hart & Hegeman Manufacturing Co. and the Arrow Electric Co., conducted entirely as separate and distinct corporations? A. They were.

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Q. Were there separate officers and were they maintained as separate units? A. Separate organizations entirely.

Q. And the Hart & Hegeman office remained down at the old plant? A. Absolutely.

Q. During the period of 15 months of the holding company, whether or not the competition in the trade and in the sale of their products between the Hart & Hegeman Manufacturing Co. and the Arrow Electric Co. was maintained as intensively and as completely as prior to the organization of the old respondent.

1329

Mr. Haycraft: That is objected to if the Examiner please, as a conclusion which the Commission and the Court must draw, and not by a witness in a proceeding of this kind.

Mr. Gross: I claim it; that the men who are doing the work are the men who can draw the conclusions to be drawn and make statements of fact as to how they operated these concerns.

Examiner Reeves: The objection is sustained.

Mr. Gross: Will you note an exception, please.

1330 *Edward R. Grier—Cross.*

Q. During the period of the holding company, of 15 months, did each of the two companies maintain a separate and distinct sales organization? A. It did.

Q. During that period of time, did each of them maintain their separate forces of salesmen in the field? A. They did.

Q. Was there any let-down in the number of men or in the expense of selling during that period? A. There were more added, and expenses increased.

Q. Did the holding company, the old respondent,
1331 of which you were president, in any way during its corporate existence of 15 months, by vote of its stock, or by act of its officers or directors, or in any other way, attempt or undertake to dictate the sales policy or dictate questions of sales or questions relating to competition between the two selling organizations of the companies, the Hart & Hegeman Manufacturing Company and the Arrow Electric Company?

Mr. Haycraft: That is objected to, if the Examiner please. The question as worded is entirely too broad. Anything done by the cor-
1332 poration would be reflected in its minutes.

Mr. Gross: He is the president of the company, and I claim the question.

Mr. Haycraft: The records of the corporation are the best evidence of what may have been done by that corporation, and not what this witness may recall.

Examiner Reeves: The objection is overruled.

Mr. Haycraft: Exception.

Q. Did you as president of the old respondent, the holding company, during the 15 months, in any

1333

way attempt to dictate the sales policy or dictate any question as to the sales with reference to competition between the two companies, the Hart & Hegeman Manufacturing Co. and the Arrow Electric Company? A. I did not.

Q. Did any one representing the old respondent, the holding company, during that period of 15 months, attempt to interfere in the question of the sales policy or attempt to dictate in the sales policy of the two companies, the Hart & Hegeman Manufacturing Co. and the Arrow Electric Co.? A. They did not.

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Q. I call your attention to Exhibit 39, being the minutes of a special meeting of the Board of Directors of the old respondent, the holding company, and call your attention to the statement therein, that you presented, in accordance with Article 7 of the company's by-laws, a list of directors for the constituent companies, and the action of the Board, voting that the directors of the Arrow Electric Co. Board should be Edward R. Grier, Benjamin C. Perkins, Charles A. Ten Eyck, Mr. Harvey C. Pond, Mr. Arthur L. Shipman, Mr. Daniel J. Glazier, Mr. Charles G. Perkins, and for the Hart & Hegeman Board, Mr. Judson H. Root, Mr. Robert C. Buell, Mr. George H. Burt, Mr. Williams, and Mr. Gross, and I ask you whether or not those were the same boards that had represented the companies before the organization of the holding company? A. They were.

1335

Q. When did the Arrow Electric Co., approximately, adopt its trade-mark, which is now well established, to market its goods? A. 25 years ago —about 22 or 23 years ago.

Q. And that has been used continuously as designating the articles made by that company? A.

1336 *Edward R. Grier—Cross.*

Yes, and it has been fought a great deal in the courts.

Q. And sustained? A. Yes, and sustained.

Q. Whether or not the Arrow Electric Co., of which you were the chief executive, placed great value, for sales purposes and for good-will in the trade, upon the establishment, protection and preservation of that trade-mark. A. I spent at least $50,000 protecting it. It seems to be so popular that everybody tries to use it, and we have had a great many decisions in our favor. We consider it
1337 extremely valuable.

Q. Will you describe, briefly, for the record, what that tradegmark consists of? A. It consists of an arrow, the symbol of it, and also the word "Arrow" and that is our principal trade-mark.

Q. During the period of the 15 months covering the corporate existence of the old respondent, did you, as chief executive of the Arrow Electric Co., do anything, by order or formulation of policy, to lessen competition and sales as between your company and the Hart & Hegeman Manufacturing Company? A. I did not.

Q. Was there, in your opinion, during that pe-
1338 riod, any lessening of competition between your company and the Hart & Hegeman Manufacturing Company?

Mr. Haycraft: That is objected to on the same ground.

Examiner Reeves: Objection sustained.

Mr. Gross: Will you note an exception.

Q. Did you, as the chief executive of the Arrow Electric Co., issue any orders which would in any way keep the Arrow salesmen from soliciting or

endeavoring to procure business from persons who might be known generally as customers of the Hart & Hegeman Manufacturing Company? A. I did not.

Q. Whether or not, so far as you know, any such instructions were given to salesmen of the Arrow Electric Company during that time, to keep away from Hart & Hegeman customers?. A. I know of no such orders given.

Q. Do you believe that there were any such orders given?

Mr. Haycraft: I object to what the witness believes, as incompetent, irrelevant and immaterial. 1340

Examiner Reeves: Objection overruled.

A. No, I do not believe.

Q. Was there any understanding whatever between you as chief executive of the Arrow and its selling organization, to your knowledge, and the selling organization of the Hart & Hegeman Company by which they would keep away from each other's customers? A. There were not.

Q. Was there any lessening in sales effort on the part of the Arrow Electric Co. during the period of 15 months, in any way? A. It increased, not lessened. 1341

Q. On the contrary, did you, as the chief executive of the Arrow Electric Co., in any way stimulate that competition? A. I did.

Q. From your experience, what would have been the effect on the aggregate sales of the two companies, the Arrow Electric Co. and the Hart & Hegeman Manufacturing Co., if, upon the organization of the holding company, the two respective

1342 *Edward R. Grier—Cross.*

trade-marks or brands "Arrow" in the one case and "H. & H." in the other, had been discontinued and a new brand or brands, unknown to the public, had been substituted?

Mr. Haycraft: Just a minute. That is objected to on the ground that it is incompetent, irrelevant and immaterial to the issues in this case, and it sets up an issue which is entirely foreign and is not even contemplated at all in the complaint. There is nothing in the com-

1343 plaint or anything in the case, or anything on the direct examination of this witness, which hints that these trade-marks should be done away with or a new one adopted. We are going into a field of prophesy and a field of problematic conjecture, which is entirely foreign to the issues in this case.

Mr. Gross: If your Honor please, the purpose of this is this: we propose to show that the whole purpose and the whole result of the organization of the holding company was to preserve competition and to stimulate the sale of these respective brands to those persons who

1344 required those brands.

In other words, I am clearly entitled to show that far from violating the Clayton Act, or far from intending to do anything contrary to the laws of the United States, we did devise an organization which carried out the entire spirit of the Government, that we should maintain competition and stimulate competition, and I propose to show the particular form in which we have gone ahead in order to preserve the large sales of the two organizations, and also that if we had not done it in that way we would

have done it in the way the Government urges. I claim the question on these grounds.

Mr. Hayeraft: There isn't any objection, of course, to bringing out the facts as to what has happened after the transaction took place, but this going into conjecture and what might have happened is entirely too far removed from the issues in this case.

Examiner Reeves: The objection is sustained.

Mr. Gross: May I say this, that the question was admitted yesterday almost verbatim on 1346
Mr. Williams' examination. May I have an exception?

Examiner Reeves: An exception will be noted.

Q. During the 20 years or more that you have had your brand, "Arrow", on your products of this company, have you built up a large number of jobbers, and below the jobbers, a large number of consumers, for this word, who have placed great faith upon the Arrow Brand and have exclusively insisted upon Arrow goods? A. We have.

Q. Did you find during the period of 15 months 1347
that the holding company, the old respondent, operated, that you still preserved that clientele of people who, both in the jobbing trade and in the ultimate consumers, who still demanded Arrow goods? A. We did.

Q. Did you find that that has been maintained even since the merger, on January 1, 1929, that there are those large number of persons who insist upon Arrow goods? A. I have.

Q. Did you find that the sales effort during the period of 15 months of the old respondent increased that demand and increased that clientele?

1348

Mr. Haycraft: That is objected to, Mr. Examiner.

Mr. Gross: It is perfectly relevant on your own objection to my other testimony.

Mr. Haycraft: It must be based on a conclusion which must be based upon facts, and which are not in the record, and which, if it should be determined, must be determined by the Commission from the facts as they are established, and it is taking away from the Commission and the Court its function of drawing

1349 the conclusion.

Examiner Reeves: Read the question:

(The last question was repeated by the reporter.)

Examiner Reeves: The objection is overruled.

Mr. Haycraft: Exception.

A. Yes.

Q. Is the same thing true of the situation since the merger on January 1, 1929? A. It is.

Q. Prior to the organization of the holding company, on or about October 6, 1927, had the Arrow Electric Co. much export business, as compared

1350 with the Hart & Hegeman Manufacturing Company? A. Very little.

Q. Prior to October 6, 1927, had the Arrow Company in its organization any man of the inventive and designing genius of Monroe Guett?

Mr. Haycraft: That is objected to as improper cross examination.

Mr. Gross: I claim it as showing one of the things they got from the transaction.

Examiner Reeves: Overruled.

A. No, we had not.

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Mr. Haycraft: I wish to add to that objection that it is incompetent, irrelevant and immaterial and not within the issues in this case. Exception.

Mr. Gross: That is all, Mr. Grier.

REDIRECT EXAMINATION BY MR. HAYCRAFT:

Q. With respect to the economies which were accomplished as the result of the holding company, I believe you listed one that the H. & H. sold plates to the Arrow? A. Yes.

1352

Q. You say you bought them as you buy from anybody else? A. Absolutely.

Q. What did the holding company have to do with that? A. Nothing.

Q. Then, that was not an economy that came about by the formation of the holding company? A. That is a rather complicated question. I will have to think of it a minute.

(The preceding questions and answers in the redirect examination were repeated by the reporter.)

1353

A. (Continued) May I change my testimony? I will say that I can't express myself exactly as I want to express myself. The fact that we had a holding company,—that is a technical question. The holding company had nothing to do with that directly, but it might have been sympathetic. We would rather go to the Hart & Hegeman instead of somebody else. That is, while the holding company was not directly responsible, it might have been indirectly, through sympathy.

1354 Q. How was it brought about? Did you, as president of the holding company, say to the president of the Arrow Electric Co., "I want you to do thus and so"? A. I certainly did not, no. I went to the Hart & Hegeman and said, "I want to buy plates from you".

Q. You could have done that before any holding company was organized? A. Yes, we might have done it before.

Q. How about the porcelain? Was that brought about in the same way? A. Indirectly.

1355 Q. That is, you bought the porcelain—rather, they, the Hart & Hegeman bought it from you? A. The Porcelain Company sold it to us, and they also sold it to Hart & Hegeman.

Q. They were controlled by your organization? A. By the Arrow Company.

Q. Did you say to the officials of the Washington Porcelain Company, "hereafter I want you to sell them porcelain receptacles", and then to the Hart & Hegeman, "I want you to buy from them"? A. I went to the Hart & Hegeman and said we could make the prices cheaper on the porcelain.

Q. That is what you would say to any customer.

1356 A. Exactly.

Q. What did the holding company have to do with that? A. Nothing, directly.

Q. Then, that so-called economy was not brought about by the holding company? A. I think you are splitting hairs.

Q. No, I am not. A. Well, it is impossible to answer that directly.

Q. Did you exercise your authority as president of the holding company and say to the Hart & Hegeman organization, your subsidiary organization, that hereafter, "you shall not manufacture any por-

celain receptacles, but shall buy them from the Washington factory, which is controlled by the Arrow Electric Company"? A. Will you read the question, please? I didn't get that.

(The last question was repeated by the reporter.)

A. I did not.

Q. The sale of the porcelain parts to the Hart & Hegeman Company might have been done by the Arrow Company without the formation of the holding company? A. Might have. 1358

Q. In other words, it was not necessary to form a holding company to bring that about. A. We sold to other people just the same as we did to the Hart & Hegeman Co. We sold a large amount to competitors.

Q. Competitors who are not equipped, fortunately, as well as you. A. No. I think we sell around $200,000 or $300,000 worth to competitors.

Q. Well, that is done right along. A. Yes, of course it is done right along. It is common sense.

Q. You testified on cross examination that you had never attempted to dictate the sales policy of the Hart & Hegeman organization during the 15 months period, from October, 1927 to January, 1929. A. The sales policy of the Hart & Hegeman was run by their president, Mr. Williams, and not by me. 1359

Q. What would you have done if Mr. Williams had deemed it necessary to make a severe cut in the prices on the commodities he was selling? A. In all possibility, we would have to meet it, as a competitor.

Q. You would have said nothing to him about it? A. Not necessarily, no.

Q. I am going to find out just what authority you could have exercised or would have exercised as president of the holding company over the subsidiary companies. A. I exercised no power of control. I never used the holding company for that.

Q. Why? A. Because it was a holding company, and not a manufacturing company. As I understand it, the holding company held the stock. It did not dictate the policy of either company.

1361 Q. And why? A. Simply because it wasn't common sense to.

Q. It wasn't because you lacked the power? A. No, I suppose no. We never exercised it.

Q. With respect to the stimulation of competition, just what did you do to stimulate competition between the Arrow Electric Co. and the Hart & Hegeman Manufacturing Co. during that 15 months period? A. That is an easy question to answer. We are a pretty proud company, and our crowd were very anxious to beat them. Their pay did not depend on what Hart & Hegeman did, but what we sold. Therefore, the rivalry was very great. In

1362 fact, I want to make the statement that in one of the two Pacific Coast offices, two of the men would not speak to each other, and when I saw the manager I said to him, "That is a horrible condition. You must do something about it; can't you transfer one of them to Denver?", and he did. That is to show how far competition went.

Q. Did that go to the extent of making a better price or a larger discount? A. Salesmanship.

Q. What do you mean by that? A. Hard work.

Q. What do you mean by that? What is it that induces a man to buy your goods? A. Quality.

1363

Q. He doesn't pay any attention to price? A. Of course.

Q. Is the price an important element? A. Sure it is. If Hart & Hegeman cut their price, we would cut ours.

Q. Did you cut your price during that 15 months period of time to get business from the Hart & Hegeman Manufacturing Company? A. I will answer that question this way: the market conditions during that 15 months period were terrible. There were 100 competitors, and we had to meet the market conditions; prices went down and down,—a half a million dollars. I can prove that by records. All we had was competition.

1364

Q. Didn't you cut your price to take business away from the Hart & Hegeman Company? A. I don't think we did.

Q. Did you offer larger discounts than the Hart & Hegeman were allowing? A. The discounts were the market discounts to meet market conditions. When one went down the other went down.

Q. Did you offer, in addition, any better service? A. I think our service was very much better.

Q. In what way? A. On deliveries.

1365

Q. You also stated that during that period of time the value of your trade mark, the Arrow trade mark, was increased and the demand by the clientele was increased. Just how did you arrive at that conclusion? A. My records. Our business increased in volume; more articles sold. Prices went down, and we sold more even then.

Q. In 1928, it increased over 1927? A. My impression is that they increased right along, steadily. I would have to verify it by the records. The business was climbing up like that (indicating).

1366 Q. If the records were the other way, would you want to qualify your answer? A. No, because I think our goods are getting more popular every day.

Q. That is what you took into consideration when you made that answer? A. Yes, sir. Of course, they are affected by other conditions. Somebody else might have got a different type of goods which are popular,—although our trade mark might be good.

Q. Would you say that the increased clientele
1367 would be reflected by the increased number of customers than you have? A. I imagine it would be.

Q. Were the increased amount of sales— A. No, you can't go by individual customers. There are thousands of reasons why you take one new customer on and lose another one.

Q. I just want to know what you had in mind when you answered that the value of your trademark had been increased through the increase in the clientele. A. I will go by the sales first. I know we were getting stronger all the time; we were more popular, more thought of, and my opinion is, —I haven't seen the records—I think it was sub-
1368 stantiated by an increase of sales.

Q. Just refresh your recollection on that point. Take Washington, down around in the southern territory, south of Washington. What would you say about your increase— A. You can't compare one section with another section, because there are too many things entering into it. Suppose you have a very popular man down there and your Boston man is not; the individuality is very different in salesmen. Maybe the cotton crop goes bad down there, and in the west there were times when the western business went right down. It wasn't due to any one

1369

set of conditions. The real factor is the increase of sales, and that is the dominant factor.

Q. Would not your increased sales also reflect an increase in the consumption of a trade-mark already established? A. I am taking the consumption of the United States as a whole.

Q. Might not an increase in sales indicate an increase, as well, of a trade already established, and not mean an increase in clientele? A. As a rule the increase of business will answer that question.

1370

Mr. Haycraft: Now, Mr. Examiner, after the questions and answers that have been received from this witness with respect to the answer that he gave on cross examination, I wish at this time to move to strike out the question and answer which I objected to at the time he gave that conclusion which could not be determined by this witness upon facts which were not in the record, because I think you can readily see how unreliable a conclusion of that kind must be in determining the issues in this case.

Examiner Reeves: The motion to strike is denied.

Mr. Haycraft: Exception. I think that is all.

1371

RECROSS EXAMINATION BY MR. GROSS:

Q. In determining the popularity of brands, state whether it is the number of pieces sold, rather than the total business that is received, that is the determining question of the value of the brand. A. The price during that period went down so much that it took probably 10 to 15 per cent more tonnage to equal the business.

1372 *Edward R. Grier—Recross.*

Q. You were asked by counsel for the Commission whether if you or Hart & Hegeman during that period had reduced the price—

Mr. Hayeraft: I didn't ask him that question.

Mr. Gross: Whether he ever cut prices to get the business from Hart & Hegeman.

Mr. Hayeraft: That is it.

1373 Q. If any of this would have an effect upon competitors in the country. A. It would have gone down.

Q. Prices are based on market conditions? A. Yes.—on shelf goods. No question about it.

Q. With reference to economies, which he says were not produced by the holding company.—who owned all the common stock of the two companies? A. The stockholders.

Q. Who owned the common stock of these two companies, the Arrow Electric Co. and the Hart & Hegeman Manufacturing Company? A. The holding company.

1374 Q. Therefore, any increased profits for either company would have resulted to the benefit of the holding company? A. Yes.

Q. By purchasing the Paiste machinery and parts, and thereafter manufacturing sockets for Hart & Hegeman, whether or not thereby the profits of the Arrow Electric Co., by this increased production, were increased? A. They were.

Q. Which, in turn, would reflect back to the owners of the common stock? A. Absolutely.

Q. The same way, the manufacture of plates by Hart & Hegeman would have the same effect. A. Absolutely.

Q. In the same way, the manufacture of parts on your automatic screw machines, would have the same result. A. Yes. 1375

Q. Whether or not the Washington Porcelain Co., your subsidiary company, could show better results by manufacturing porcelain for the two companies, rather than for the one. A. It gave larger volume, and therefore was a greater economy.

Mr. Gross: That is all.

REDIRECT EXAMINATION BY MR. HAYCRAFT:

1376

Q. You stated, I believe, on cross examination, that any profit which might result from the operation of these two subsidiary companies, would go to the benefit of the stockholders of the holding company. A. Yes.

Q. And a loss would also injure the holders of the stock. A. They are one.

Q. I would like to have you produce for the record a statement as to the profits that actually accrued out of the economies which have resulted as a result of the transaction which we have been discussing here: that is, namely, the sale by the Hart & Hegeman Manufacturing Co. to the Arrow Electric Co. of plates, and the sale by the Arrow Electric Co. to the Hart & Hegeman Manufacturing Co. of porcelain parts. A. I will prepare that record and submit it later. 1377

(At this point a short recess was taken.)

1378 *Haynes L. Everest—Recalled—Direct.*

HAYNES L. EVEREST, recalled.

Mr. Gross: I desire to call the attention of counsel for the Commission to the fact that in a compilation of the statistics, as to sales in 1926 and 1927, on the basis of which Mr. Everest was testifying yesterday, we find after the close of testimony, in talking with him and Mr. Cook that the compilation is inaccurate, and we therefore desire to call the attention of counsel for the Commission to the fact, and we
1379 are furnishing him with revised figures, so that he may make the record straight as the basis for further examination of Mr. Everest.

DIRECT EXAMINATION BY MR. HAYCRAFT (Cont.):

Q. With that statement made by counsel for respondent, I shall call Mr. Everest's attention to the totals he gave for the New England territory for the years 1926 and 1927, and ask whether or not those totals include direct sales to appliance manufacturers in those two years? A. The sales do not include direct sales to manufacturers, as I have since found out.

1380 Q. Therefore, your answer yesterday to the question which I propounded with respect to sales to manufacturers by the Hart & Hegeman Co. during 1926 and 1927 was inaccurate, when you said that there were no sales. A. It was.

(Discussion off the record.)

Q. What, then, would be the total sales of the Hart & Hegeman Manufacturing Co. to customers

of all kinds during the years 1926 and 1927, including direct sales?

Mr. Gross: In that territory?

Mr. Haycraft: In the New England territory.

A. $339,569.

In 1927, $344,474.

Q. Yesterday I asked you whether or not the increase in the volume of sales in 1928 over 1927 was attributable to sales to manufacturers, and you stated that it was. Would that answer still hold 1382
good so far as the New England territory is concerned? A. It would.

(Discussion off the record.)

Q. Now, turning to the New York territory, which we were discussing at the close of the hearing yesterday, I will ask you whether or not the total figures which you read into the record at that time, covering the sales of the Hart & Hegeman Manufacturing Co. to its customers in the New York territory, which you then described, namely, $1,010,373 in 1926, and $927,747 in 1927, include 1383
direct sales to manufacturers? A. They do not.

Q. So that the grand total in 1926 would be what? A. Including direct sales, $1,123,141.

Q. And in 1927? A. Making a grand total of $1,161,610.

Q. In your testimony yesterday, when I asked with respect to the increased volume of sales in 1928 and 1929, as compared with 1927, you attributed it to the sale of goods to manufacturers. Would that answer still hold true in consideration

1384 *Haynes L. Everest—Recalled—Direct.*

of the additional data which you produced today? A. Yes, I should say it would.

(Discussion off the record.)

Q. Mr. Everest, who were your principal jobber customers in Baltimore for the Hart & Hegeman Manufacturing Company in 1927? A. In 1927?

Q. Yes. A. Greenfield Electric Co., Shephard-Fluharty Electric Co., and the Baltimore Electrical Supply Co.

1385 Q. Now, there were other distributors in that territory, but those are the ones that you principally sold to? A. Correct.

Q. Were any of them exclusive distributors of your product? A. None of them. We have no such thing as an exclusive distributor.

Q. By that you mean you do not prohibit him from handling any other lines? A. To the best of my knowledge we have no distributor who handles our goods exclusively.

By Mr. Gross:

1386 Q. You never told a man he should not handle any other? A. We never told him to.

By Mr. Haycraft:

Q. You do have, however, customers who push your line more than any other line? A. I hope so.

Q. You also had in 1927, customers who featured your line to the exclusion of others by advertising and sales effort. A. I don't like the word "exclusion".

Q. Well, more than others? A. Yes.

Q. In Washington, D. C., who were your principal distributors?

Mr. Gross: In 1927.

A. In 1927, it was singular, just the Graybar Electric Co.

Q. That was formerly the Carroll Electric Co., wasn't it? A. It was.

Q. Who were your principal distributors in Richmond Va., in 1927? A. We had no real principal distributor. The distributor was the Binford Electric Co. 1388

Q. The sales were small in that territory? A. They were small in that territory.

Q. Through what distributors did you make your principal sales in Norfolk in 1927? A. Atlantic Electric Co.

Q. Is that a chain store? Does it have branches in other cities? A. No; it is an independently owned and operated house. There is no connection between that and any other like-named concern.

Q. To what firm did you make your principal sales during 1927 in Greenville, S. C.? A. The Textile Supply Co.

Q. The same question with respect to Atlanta, Ga. A. Southern Electric Supply Co. 1389

Q. Did that firm change hands? A. It did not.

Q. In 1928— A. (Continuing.) Not to my knowledge.

Q. —who was your principal distributor in Atlanta? A. The Economy Electric Supply Co.

Q. Do you recall now why the change was made? A. Yes. There was no change made, but we added a new distributor, which I personally negotiated.

Q. Did you sell the Economy Electric Supply the same type of products that you sold to the other one? A. We did.

Q. That is, the general line? A. We did.

Q. What was the principal distributor of your firm in Florida in 1927? A. Robertson Supply Co.

Q. Where? A. In Orlando.

Q. What were the total sales of the Hart & Hegeman Manufacturing Co. in the Baltimore territory in 1926 and 1927, which would include, as I understand it, the states of Virginia, North and South
1391 Carolina, Georgia and Florida? A. 1926, $144,163. 1927, $92,269.

Q. Do the totals which you have just read include sales made direct to manufacturers? A. They do.

Q. What were the total sales in the Baltimore territory to all class of trade in 1928? A. $80,217.

Q. 1929? A. $107,292.

Q. 1930? A. $92,364.

Q. Turn to the Chicago territory. The first district in that territory included what states, in 1927? A. Alabama, Louisiana, and Mississippi.

Q. Who were your largest distributors in 1927 in
1392 that territory? A. Cabell Electric Co. at Jackson.

Q. Mississippi? A. Jackson, Miss.

Woodward-Wight & Co. at New Orleans. Those are the only two big distributors.

Q. You sold to a number of smaller distributors in that territory, however? A. We did.

Q. District No. 2 of the Chicago territory included what states? A. The states of Colorado and Arizona.

Q. What concerns were your principal distributors in 1927? A. B. & R. Electric Co. at Denver.

The Mine & Smelter Supply Co. at Denver, and the Poindexter Electric Co. at Denver.

Q. You sold through other distributors in that territory, but those were the principal ones? A. Those were the principal distributors.

Q. Do you recall whether you sold a general line through those distributors, or was it specialized? A. I could not recall without consulting the records, but I would say we sold them a general line.

Q. District No. 3 of the Chicago territory includes what states? A. Idaho, Montana, Utah and 1394
Wyoming.

Q. Who were your principal distributors in that territory in 1927? A. The Zion Cooperative Mercantile Co., Salt Lake City, Utah.

Q. You had some other small distributors, but that was the principal distributor? A. Yes.

Q. District No. 4 of the Chicago Division included what territory? A. The City of Chicago and the suburbs.

Q. And who were your principal distributors in that territory in 1927? A. Amber Electric Supply Co., the Electric Appliance Co., Kubec, Steiner Electric Co., Revere Electric Co., Manhattan Elec- 1395
trical Supply Co., Graybar Electric Co., Metropolitan Electrical Supply Co., and the Wabash Electric Co.

BY MR. GROSS:

Q. In 1927 that was? A. Yes, in 1927.

BY MR. HAYCRAFT:

Q. Did you name the American Electric Supply? A. No. American Electric Supply Co.

1396 *Haynes L. Everest—Recalled—Direct.*

Q. District No. 5 includes what territory of the Chicago Division? A. District No. 5 includes Illinois other than Chicago.

Q. Who were your principal distributors in that territory? A. Valley Electric Supply Co., at Quincy, and the Resco Electric Supply at Rockford.

Q. There were other distributors in that territory, but those were the two principal ones? A. Yes.

Q. District No. 6 of the Chicago territory includes what? A. District No. 6 includes Indiana—

1397 the state of Indiana.

Q. Who were your principal distributors in that state in 1927? A. George Keiser & Co., Munsey, Capitol Electric Co. at Indianapolis. Graybar at Indianapolis. Kester Electric Co. at Terre Haute. The Protective Electric Supply Co., Fort Wayne. The Richmond Electric Supply Co. at Richmond.

Q. Districts numbers 7 and 8 included what states? A. 7 and 8 the State of Idaho.

Q. Who were your principal distributors in that territory? A. Collins Electric Co., at Des Moines. McGraw, at Sioux City. Republic Electric Co. at Davenport. Terry Durin Electric Co. at Cedar

1398 Rapids.

Q. District No. 9 included what states? A. Missouri, other than St. Louis, Kansas and Oklahoma.

Q. Who were your principal distributors in that territory in 1927? A. The Continental Electric Co., Kansas City. American Electric Supply Co., St. Joseph, Mo. Peabody Electric Co., Oklahoma City.

Q. District No. 10. A. The City of St. Louis.

Q. Who were your principal distribtuors in 1927 in St. Louis? A. Manhattan Electric Supply Co., Barrett Electric Supply Co., Lance Electric Supply Co., Commercial Electric Supply Co. Those were the principal ones.

Q. District No. 11? A. District No. 11, Kentucky.

Q. Who were your principal distributors in that state? A. H. C. Tafel Electric Co., Louisville.

Q. District No. 12? A. Detroit and Flint, Mich. Not the whole of Michigan, because that comes in on No. 13.

Q. Who were your principal distributors in that territory? A. Crescent Electric Co., Detroit. McNaughton-McKay Electric Co. Miller & Seldon Electric Co.

BY MR. GROSS:

1400

Q. All in Detroit? A. In Detroit.

BY MR. HAYCRAFT:

Q. District No. 13? A. District No. 13 includes Michigan not otherwise included in No. 12.

Q. Who were your principal distributors? A. Morley Bros., Saginaw, Mich. Independent Electric Co., Muskegon. Crandall Electric & Supply, at Jackson.

Q. Districts No. 14, 15 and 16 include what territory? A. The State of Minnesota.

Q. Who were your principal distributors in that territory? A. Sterling Electric Co., Minneapolis. 1401
Electric Supply Co. at St. Paul. Graybar Electric Co., Minneapolis.

Q. Did you have a distributor at Duluth? A. We did, the Westinghouse Electric Supply Co., in Duluth.

Q. Did you continue to sell to the Westinghouse after 1927, or was there a change made at that time? A. I could not answer that question.

Q. Did you make any change to the Marshall-Wells Company in Duluth? A. We did.

Q. In 1927? A. We did.

1402 *Haynes L. Everest—Recalled—Direct.*

Q. District No. 17? A. District No. 17, Nebraska.

Q. Who were your principal distributors in 1927 in Nebraska? A. The Korsmeyer Co., Lincoln, Nebraska. The Omaha Electric Co., Omaha, Nebraska.

Q. District No. 18? A. District No. 18 is the Cincinnati District.

Q. Who were your principal distributors there. A. Doremann-Roehrer Co. The Standard Supply Co. at Portsmouth.

Q. District No. 19? A. The Columbus-Dayton
1403 District.

Q. Who were your principal distributors there in 1927? A. Avery-Loeb Co., at Columbus. William Hall Electric Co., Dayton.

Q. District No. 20? A. District No. 20 is Cleveland.

Q. Who were your principal distributors there? A. George Worthington Co., Allen Electric Co., and the Graybar Electric Co.

Q. District No. 21? A. No. 21 is the Toledo District.

Q. Who were your principal distributors in 1927? A. The Toledo Electric Sales Co., and the Electric
1404 Supply Co.

Q. District No. 22? A. District No. 22 is Ohio, not otherwise covered.

Q. Who were your principal distributors? A. Hardware & Supply Co., Akron; Mooch Electric Supply Co., Canton; Hartman-Spreng Co., Mansfield, Ohio; Mooch Electric Supply Co., Youngstown, Ohio.

Q. District No. 23? A. District No. 23 is North and South Dakota.

Fargo Plumbing & Heating Co., Fargo.

Q. District No. 24? A. Arkansas and Tennessee.

Treadway Electric Co., Little Rock.

Mills & Lupton Supply Co., Chattanooga.

Tafel Electric Co., Knoxville.

Dawkins Electric Co., Memphis.

Q. District No. 25? A. District No. 25 is Texas.

Q. Who were your principal distributors? A. The principal distributors are the Roberts Empire Electric Co., Houston. The Southern Equipment Co., San Antonio. Tell Electric Co., Houston.

Q. Do you know what happened to that company after 1927? A. It was purchased by one of our competitors. I don't know the details of it, but it was purchased.

Q. District No. 26? A. No. 26 is Wisconsin. 1406
Roosevelt, W. A. Roosevelt, LaCrosse.

Standard Light Co., Milwaukee.

Julius Andrea & Sons Co., Milwaukee.

Q. Did you list the Graybar at Milwaukee? A. I am coming to that. The Graybar Electric Co., Milwaukee, Alexander M. Kailing, Milwaukee.

Q. That completes the Chicago territory, does it not? A. It does.

Q. Will you state for the record the total volume of sales for that territory for the years 1926 to 1930 inclusive? A. 1926, $1,368,941; 1927, $1,374,379; 1928, $1,430,859; 1929, $1,735,483; 1930, $1,277,163. 1407

Q. Do those figures include sales made direct to manufacturers? A. They do.

Q. Referring to the San Francisco territory, that is divided into seven districts, is it not? A. It is.

(Discussion off the record.)

Examiner Reeves: The hearing will be adjourned to 10 o'clock tomorrow.

(Whereupon, at 5 p. m., the hearing was adjourned to 10 o'clock a. m., daylight saving time, May 28, 1931.)

1408 *Haynes L. Everest—Recalled—Direct.*

Conference room, Arrow-Hart & Hegeman Electric Co., 103 Hawthorne Street, Hartford, Connecticut.

May 28, 1931.

Met pursuant to adjournment, 10 a. m., daylight saving time.

Before—WILLIAM C. REEVES, *Examiner.*

APPEARANCES:

1409

E. F. HAYCRAFT, Attorney for the Federal Trade Commission.

CHARLES WELLES GROSS and WALLACE W. BROWN, of GROSS, HYDE and WILLIAMS, 49 Pearl Street, Hartford, Connecticut, Attorney for the Respondent.

PROCEEDINGS:

HAYNES L. EVEREST, resumed direct examination

1410 (Continued).

BY MR. HAYCRAFT:

Q. What does the First District include? A. The City of San Francisco and Oakland.

Q. Who was your principal distributor in San Francisco in 1927; that is, in District No. 1? A. Graybar Electric Co., The Electric Corporation, Westinghouse Supply Co.; Gilson Electric Supply Co., Oakland.

Q. I notice that Dunham, Carrigan & Hayden were substantial customers in 1927, but thereafter no sales were made. Do you recall what happened? A. They were not in in 1927, according to my records. We did not sell them anything until 1928.

Q. What does District No. 2 include in the San Francisco territory? A. District No. 2 was Los Angeles territory.

Q. Who were your principal distributors in that district? A. In that district were Graham Reynolds Electric Co., Liebenwalter & Gough Electric Corporation, and Westinghouse Electric Supply Co.

Q. How about the Western Light & Fixture? A. The Western Light & Fixture, correct. 1412

Q. District No. 3 of the San Francisco territory? A. District No. 3 is Portland.

Q. Name the principal distributors there in 1927. A. North Coast Electric Co., Marshall-Welles Co. That is a branch of the Duluth firm.

Q. District No. 4? A. District No. 4 is Seattle. The principal distributors were the North Coast Electric Co., Graybar Electric Co., and Electric Corporation.

Q. There were some others, but those are the principal ones, is that correct? A. Correct.

Q. Now, the balance of that Pacific Coast territory, districts 5 and 6; did you have substantial distribution in that territory in 1927? A. The business in that territory is very small, to the best of my knowledge, and representation is accordingly. We had no large jobbing accounts. 1413

Q. District No. 7 included Honolulu? A. Honolulu. We had one distributor there, the Hawaiian Electric Co.

Q. In this Pacific Coast territory, did you sell a general line of electric wiring devices, or was the

1414 *Haynes L. Everest—Recalled—Direct.*

line restricted to any particular product? A. We did not sell our complete line on the Coast. We operated through a commission agent who had two other major lines of material.

Q. What were the principal lines that you sold there? A. The principal lines sold were switches.

Q. What other lines did your commission agent handle besides yours in 1927? A. He had the National Metal Molding Company—I think that is the name of it—now it is the National Metal Products Company.

1415 Q. What did they manufacture? A. Outlet boxes of all kinds, pipe, armour cable. They represented Simplex Manufacturing Company of Boston, a line of heaters and wiring, I think.

Q. What line of sockets? A. They represented the Hubbell Company of Bridgeport, on sockets and receptacles.

Q. I ask you to identify this piece of paper that I hand you now.

(Discussion off the record.)

A. This seems to be a correct list of Pacific jobbers.

1416 Q. They are some of the leading Pacific jobbers? A. Some of the leading Pacific Coast jobbers.

Q. And they are represented by numbers, so that the names will not appear? A. They are so represented.

Mr. Haycraft: I offer in evidence at this time the paper which has been identified by the witness as a statement of the volume of sales of selected customers in the Pacific Coast territory, showing distribution of products purchased by schedules B, S, P, H and Y, covered

by the respondent, as outlined in Exhibit 40, already in evidence, for the years 1928, 1929, 1930, of the Hart & Hegeman Manufacturing Company.

Examiner Reeves: This document will be received in evidence as Commission's Exhibit No. 83. It consists of two pages.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 83.")

Q. These customers that are indicated on this exhibit which you have just identified are the principal and leading customers in that territory? A. Yes. 1418

Q. Would you say they were representative jobber customers that you have on the Coast, so far as the distribution of your products was concerned during that time? A. I would say so, yes.

Q. Now, I show you what purports to be a similar tabulation of individual customers, by schedule, of the Hart & Hegeman Manufacturing Co., and later the Hart & Hegeman Division, for the Chicago territory, including the territory covered in your testimony for the years 1928, 1929 and 1930, and ask if these statements, which I will offer as one exhibit, correctly state the sales of the selected concerns in that territory, the names of the concerns not being listed on the exhibit, but merely the numbers having been given them for purposes of identification? A. I would say they did, yes. 1419

Mr. Haycraft: I offer this in evidence at this time.

Examiner Reeves: This sheaf of papers, consisting of eight pages, will be received in evidence as Commission's Exhibit No. 84.

1420 *Haynes L. Everest—Recalled—Direct.*

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 84.")

Q. Would you say that the customers, whose sales are included in this exhibit, are representative jobber customers in that territory so far as the sales of your product are concerned during that time? A. I would.

Q. I do not believe that the record contains the information, so I will ask you this question now:
1421 Why were you unable to prepare an exhibit of this kind for the years 1926 and 1927? A. We did not keep a complete and detailed record from which we were able to produce the figures.

Q. In that form? A. In that form.

Q. This sheet that I hand you now purports to be a similar statement of sales to individual customers in the Baltimore territory, which you outlined in your testimony yesterday. Is that a correct statement of the volume of sales as arranged there by schedules to the leading customers in that territory? A. It is.

1422 Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This document, consisting of one sheet, will be received in evidence as Commission's Exhibit No. 85.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 85.")

Q. And would you say, Mr. Everest, that they were representative jobber customers in that territory with respect to the distribution of your products? A. I would.

1423

Q. I now show you a similar set of tabulations of sales to individual jobber customers, of the Hart & Hegeman Manufacturing Co., by schedules, in the New York territory, as you described it in your testimony, for the years 1928, 1929 and 1930, and ask you if the tabulations correctly state the division of sales in those years to the customers indicated by number on that exhibit? A. They do.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This tabulation, consisting of 7 pages, is received in evidence as Commission's Exhibit No. 86.

1424

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 86.")

Q. I show you a similar tabulation covering the sales to individual customers of the Hart & Hegeman Manufacturing Co., by schedules, in the New England territory, for the years 1928, 1929 and 1930, and ask if that correctly states the division of sales to your leading jobber customers in that territory? A. It does.

Mr. Haycraft: I offer it in evidence.

1425

Examiner Reeves: This tabulation, consisting of three pages, is received in evidence as Commission's Exhibit No. 87.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 87.")

Q. Would you say that this exhibit would be representative of the sales made to jobber customers during those years in that territory so far as

1426 the division of sales was concerned? A. I would say yes.

Q. I don't think I asked you, Mr. Everest, what your total sales were in the San Francisco territory during 1926 and 1927. A. In 1926, $169,254.

1927, $174,446.

1928, $168,266.

1929, $190,245.

1930, $154,514.

Q. Now, Mr. Everest, from the sales records that you have before you, and from which you have been
1427 testifying in this proceeding, covering sales made to all customers, including manufacturers sold direct, and jobbers in the New England, New York, Baltimore, Chicago and San Francisco territories, what is the total volume of sales during 1926? A. $3,145,068.

Q. 1927? A. $3,147,178.

Q. In addition, there were sales made to customers in Canada, I believe? A. There were.

Q. Which are not included in those totals? A. That is right, but it does not include sales to other manufacturers of wiring devices and exports.

1428 (At this point there was discussion off the record.)

Q. Will you state for the record the total sales to the domestic trade in 1928, 1929 and 1930, excluding the same items that you have excluded for the totals in 1926 and 1927? A. 1928, $3,439,139.

1929, $3,757,091.

1930, $2,862,996.

Mr. Haycraft: That will be all, Mr. Everest.

CROSS EXAMINATION BY MR. GROSS:

Q. During the period of the 15 months, from October, 1927 to December 31, 1928, while the holding company, the old respondent, had its corporate existence, was there any change in the sales policy of the Hart & Hegeman Manufacturing Co., of which you were sales manager, to what it was prior to the formation of the holding company? A. There was none.

Q. Were the two sales organizations, that is, the Arrow Electric Co. and the Hart & Hegeman Manufacturing Co., entirely distinct? A. Absolutely, 1430
and the same as they were prior to the organization of the holding company.

Q. Did you, at any time during the organization of the holding company, receive any instructions from any superior officer in your company establishing any different policy with reference to soliciting prospective customers who were habitual customers of the Arrow Electric Co.? A. None whatsoever.

Q. Did any officer of the holding company, of the old respondent, or of the Arrow Electric Co. ever give you any orders to keep away from Arrow customers or not to solicit from Arrow customers? A. 1431
No, sir.

Q. Did your salesmen under your management in the sales organization of the Hart & Hegeman Manufacturing Co. solicit as freely and as fully from all prospective customers in the United States, whether or not they were customers of Arrow, as you did prior to the formation of the holding company? A. They did.

Q. Was the sales effort of your organization during that 15 months period as intense, and were you

1432 *Haynes L. Everest—Recalled—Redirect.*

as fully equipped in personnel as prior to that time? A. The effort was more intense, and the personnel was increased.

Q. Since the organization of the new respondent, commencing January 1, 1929, you have been the sales manager of the Hart & Hegeman Division of the new respondent? A. I have.

Q. Since January 1, 1929, to the present time, have your salesmen in the field under your direction in the Hart & Hegeman Division of the new respondent had the same form of solicitation of cus-
1433 tomers and the same broad latitude and the same challenge to produce business for the Hart & Hegeman Division as formerly? A. They have.

Q. Are your salesmen in the Hart & Hegeman Division during the period of the new respondent, that is, since January 1, 1929, in active and free and full competition with the salesmen of the Arrow Division for the lines which you sell through your division, that is, the shelf goods or catalogue goods? A. Most assuredly they are.

Q. Do I understand that so far as there is any lowering of figures for the year 1930, you attribute that to the general business depression of the coun-
1434 try, solely? A. I do.

Mr. Gross: That is all.

REDIRECT EXAMINATION BY MR. HAYCRAFT:

Q. During this 15 months period, October, 1927 to December 31, 1928, to whom were you responsible? A. Mr. Williams.

Q. Did you know at that time that all the capital stock of the Hart & Hegeman Manufacturing Co. was owned by the old respondent, the Arrow-Hart

& Hegeman, Inc.? A. Frankly, I admit I don't know much of the actual stock transactions.

Q. Did you know that the capital stock of the Arrow Electric Co. was also owned by the old respondent, the Arrow-Hart & Hegeman, Inc.? A. I know only such facts as were set out in the printed notices that were sent to the various stockholders.

Q. Did you know Mr. Grier at that time? A. I did.

Q. Did you know he was president of the holding company? A. I think it was so stated in the records.

1436

Q. Is this the printed notice that you had in mind, Commission's Exhibit No. 27? A. I would say it was.

Q. Was there any notice sent out by you or by Mr. Williams to the salesmen of the Hart & Hegeman Manufacturing Co. informing them of the change in the ownership of the capital stock of the Hart & Hegeman Manufacturing Co. about that time? A. I can't recall any definite notice.

Q. Did you yourself inform the salesmen or branch sales officers as to the change in ownership? A. I don't think so.

Q. You are not sure of it? A. I do not recall any such notice.

1437

Q. Knowing, as you did, as a stockholder of the Hart & Hegeman Manufacturing Co., that the Arrow Electric Co. was owned by the same holding company, why were you so strenuous to obtain business from the customers of the Arrow Electric Co. as you had been before? A. I had in conducting the sales of the Hart & Hegeman business but one thought, and that was to produce the greatest amount of sales, regardless of where we got them, so long as it conformed to business, and, as far as

1438 our organization was concerned, the holding company did not exist.

Q. Do you think it is good business to take trade or custom away from another concern that is owned by the same interests? A. If a company is not strong enough to hold that business, and another branch of the company with which that was affiliated could go in and get that business, I would say yes, because if they could go in and get it somebody else could go in and get it, and that business was not permanent.

1439 Q. In other words, you think that if Hart & Hegeman could take the customer away from Arrow somebody else could? A. I certainly say so.

Q. Then there isn't any particular value in the Hart & Hegeman trade-mark in that? A. Well, I don't agree with that statement.

Q. Isn't it true that Hart & Hegeman would still take business where another concern could not take business? A. I will grant that.

Q. Isn't it a duplication of sales effort as well as expense of money for a salesman of one subsidiary to solicit business from a customer of another subsidiary? A. I can't subscribe to that, for

1440 the reasons I stated in my previous statement.

Q. Which statement? A. The one about getting business. If a company can't hold business, they are out of luck.

Q. Aren't you assuming a little too much when you assume that because Hart & Hegeman salesmen could take business away from Arrow customers, or rather, take an Arrow customer from the Arrow organization, that some one else could do likewise? A. I don't think any concern is impervious to the inroads of aggressive sales effort on the part of any manufacturer, whoever he may be.

1441

Q. Now, you had a great many common customers with the Arrow Electric Co., did you not, during that period of time? A. Some.

Q. What percentage, would you say, of your jobber customers, were also sold by the Arrow Electric Co. during that 15 months period of time? A. I would say, off-hand, that probably 25 to 30 percent of the customers were common.

Q. Now, as I understand your testimony and cross examination, your efforts to obtain business from this 25 or 30 percent, those common customers, were more strenuous during that 15 months period than before? A. We materially increased our sales effort. We did it to get all the business we could, and we made no exception whatsoever to the customer who we were after. Our salesmen had instructions to get the business. They had no restrictions or any ties as to where they went or whom they solicited.

1442

Q. And you think that is good business? A. I did, or I would not have done it.

Q. Did you have any special instructions to do that? A. None, other than such conferences that Mr. Williams and I had. I naturally would talk to the president of the company.

1443

Q. Now, take the period of time from January 1, 1929, down to the present. Has that policy continued? A. As far as our sales effort is concerned, we made practically no change in any method of solicitation of business.

Q. Is that despite the fact that Arrow salesmen are now under a common sales manager in the district offices? A. They are under a common agent, whose duty it is to see that each division produces and shows an increase.

1444 *Haynes L. Everest—Recalled—Redirect.*

Q. Are the Hart & Hegeman salesmen instructed to strenuously attempt to take business from Arrow salesmen?" A. We never have instructed them to strenuously attempt to take business away from any customer. We take only those that are vulnerable, and where the opportunity to get business seems most promising. It certainly would be very foolish to waste your time and spend money in attempting to take any competitor where you thought you did not have a chance of getting in.

Q. Are Hart & Hegeman salesmen instructed to
1445 make strenuous efforts to take business from Arrow customers where the salesmen think they can go in?" A. I give no instructions to salesmen as to where they are to get the business. They get it from the branch managers, and they operate from their headquarters, and he has no instructions as to how he shall solicit his business.

Q. Are your branch managers under Mr. Pond? A. As general sales manager, they are.

Q. Then, if I understand your testimony correctly, so far as your are concerned, the policy of solicitation of business by Hart & Hegeman salesmen in the 15 months period, from October, 1927 to January 1, 1929, and now is no different? A.
1446 That is correct.

Q. And both periods are no different than they were before October, 1927? A. That is correct.

Mr. Hayeraft: That is all.
Mr. Gross: That is all.

HARVEY C. POND, was thereupon called as a witness, and being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HAYCRAFT:

Q. Will you please give your name? A. Harvey C. Pond, 10 Westfield Road, West Hartford, Conn.

Q. What is your occupation? A. Vice President and General Manager of the Arrow-Hart & Hegeman Electric Co.

Q. That is what we term the new respondent? 1448
A. Yes.

Q. How long have you occupied that position? A. Oh, about nine months. I should say—nine months to a year.

Q. And prior to that time, what was your position? A. I was sales manager of the Arrow Electric Division.

Q. Of this same corporation? A. Of the same corporation, and prior to that I was with the Arrow Electric Co.

Q. That is prior to January 1, 1929, you were sales manager of the Arrow Electric Company? A. Arrow Electric Company. 1449

Q. How long were you sales manager of the Arrow Electric Company? A. About 10 years.

Q. During the time that you were sales manager of the Arrow Electric Co., to whom were you responsible? A. Mr. E. R. Grier.

Q. He at that time was either the president or vice-president of the corporation? A. Well, he was the managing and executive head. I am not sure whether he was vice-president or president.

Q. But he was the active executive head? A. Yes.

1450 *Harvey C. Pond—Direct.*

Q. I show you Commission's Exhibit No. 72, and ask if you identify that as a catalogue of the Arrow Electric Company issued about September, 1926? A. I do.

Q. Was that in effect in October, 1927? A. I could not say so until I see catalogue No. 22 and also No. 23.

Q. You have before you catalogue No. 22? A. Yes.

Q. And when was that put into effect? A. September, 1926.

1451 Q. How long was it in effect? A. Until November, 1927.

Q. So that it was in effect in October, 1927? A. Yes.

Mr. Haycraft: I offer that in evidence.

Examiner Reeves: This catalogue is received in evidence as Commission's Exhibit No. 88.

(The document was thereupon received in evidence and marked "Commission's Exhibit No. 88.")

Q. Did that catalogue contain the description of all the products offered for sale by the Arrow Elec-

1452 tric Company in October, 1927? A. No, it did not.

Q. I show you Commission's Exhibit No. 73, which is a catalogue, and will ask if you identify that. A. Yes, I do.

Q. What is it? A. It is a catalogue of heater switches.

Q. Of the Arrow Electric Company? A. Of the Arrow Electric Company: heater and range switches.

Q. Did these catalogues describe all the products for sale by the Arrow Electric Company in October, 1927? A. Practically, yes.

Q. What exceptions would you make? A. Something I couldn't—in other words, if a man wanted an adaptation from a standard product, some adaptation from a product shown in the catalogue, we would not list it.

Q. What items would you have in mind of which that might be true? A. We list in the standard catalogue push and pull switches. We had a customer for a special adaptation of those switches. We had another customer, as I recall, on the ordinary catalogue item, through cord switch. That was a special adaptation of this particular device. 1454

Q. Who had charge of the designing of the device? A. This catalogue material?

Q. Yes. A. Mr. Nero and Mr. Perkins.

Q. They were considered the technical men? A. The technical engineers.

Q. How long did they stay in your organization? A. They are still there, except Mr. Perkins, who has died recently,—about three or four weeks ago.

Q. So far as the items listed in this catalogue are concerned I understand that for convenience they have been classified by schedule? A. Correct.

Q. I show you Commission's Exhibit 40 and ask if you recognize that as being the generally understood classification by which the Arrow Electric Co. were selling in October, 1927? A. That is correct. We had a schedule I in the catalogue. It is classified as J, or to a certain extent. Our schedule Y was, I think, for statistical purposes. 1455

Q. Now, Mr. Pond, I show you Commission's Exhibit 67, which is a catalogue of the Hart & Hegeman Manufacturing Co., put in effect in 1926, and known as catalogue S. I will ask you to refer to that catalogue and to Exhibit 88, and testify for

1456 *Harvey C. Pond.—Direct.*

the record the various items that are identical or serve the same purpose in the two catalogues. A. Page by page?

Q. You can group the pages, or by schedule, or by any way that would make it easiest for you to do so, beginning with your own catalogue and referring to the items in the other catalogue, which would be identical or serve the same purpose. A. Let me ask: Do you want these items or groups? For example, the Arrow socket line may have one or two more items than the Hart & Hegeman Divi-
1457 sion,—or a general grouping?

Q. As a general grouping first, and if we want to make any distinction afterwards, we can do it. Give the pages included in your reference. A. Now, for example, pages 4, 5, 6, 7, 8, 9 and 10 in the Arrow catalogue correspond with material on pages 56, 57, 58, 59 and 60 in the H. & H. Catalogue.

Q. And generally, how would you describe these items? A. Brass shell interchangeable sockets and socket parts.

The material in the Arrow catalogue on pages 11, 12 and 13 correspond to the material on pages 62 and 63 of the H. & H. catalogue. It refers to
1458 porcelain sockets and socket parts.

Arrow pages 15 and 16 correspond to items shown in the H. & H. catalogue on page 72.

By Mr. Gross:

Q. Covering what? A. Covering Mogul sockets. The material on page 18 of the Arrow catalogue, the upper part of the page, corresponds with the material at the top of page 61 of the H. & H. catalogue, consisting of aluminum sockets and shade holders.

The material on the top half of page 19 of the Arrow catalogue corresponds to material on page 85 of the H. & H. catalogue, covering weatherproof sockets.

The material at the bottom of page 19 of the Arrow catalogue corresponds to material on page 86 of the H. & H. catalogue, consisting of weatherproof receptacles.

The material on pages 20 and 21 of the Arrow catalogue has corresponding devices shown on pages 79 and 80 of the H. & H. catalogue, covering porcelain receptacles, except that there are items in 1460
both catalogues that are not duplicated.

By Mr. Hayecraft:

Q. Each has items that are not duplicated in the other catalogue? A. Yes, there are one or two items in each catalogue that are not duplicated in the other one.

The material at the top half of page 22 of the Arrow catalogue has corresponding devices shown on page 76 of the H. & H. catalogue, consisting of porcelain removable ring receptacles, and here again there are one or two items in the Arrow 1461
catalogue which are not duplicated in the H. & H. catalogue.

The material at the bottom half of page 22 of the Arrow catalogue is shown on page 66 of the H. & H. catalogue, except that there are more in the H. & H. line than in the Arrow catalogue.

Q. What items are they? A. Adjustable canopy receptacles.

The material on page 23, the top half of the page, has corresponding devices listed at the top of page 76 of the H. & H. catalogue, except that here there are one or two in the Arrow catalogue that are

1462 not shown in the H. & H. catalogue, consisting of porcelain pull receptacles.

The material at the bottom of page 23 on the Arrow catalogue has corresponding devices on page 77 of the H. & H. catalogue, consisting of sign receptacles, except that there are again one or two items in each catalogue not duplicated in the other catalogue.

The material on page 24 of the Arrow catalogue has corresponding devices listed on page 81 of the H. & H. catalogue, consisting of outlet box re-
1463 ceptacles, as well as that shown on the top half of page 84.

The material shown on page 25 of the Arrow catalogue has equivalent devices shown on pages 82 and 83 of the H. & H. catalogue, porcelain lighting outlets.

The material shown on page 26 and the upper half of page 27 of the Arrow catalogue has corresponding devices listed at the bottom of page 61 of the H. & H. catalogue, except that the Arrow line is much more extensive and takes in many more items.

Q. What are the items? A. It is a bigger line.
1464 They are miniature and candelabra devices.

The material shown at the bottom of page 27 in the Arrow catalogue, consisting of socket adapters, is not duplicated in the H. & H. catalogue.

The material shown on pages 28 and 29 of the Arrow catalogue, consisting of candle sockets, have equivalent devices on pages 64 and 65 of the H. & H. catalogue.

Canopy snap switches shown at top of page 30 in the Arrow catalogue have an equivalent listing in the H. & H. catalogue at the bottom of page 33.

1465

Q. Up to this point, Mr. Pond, the items that you have described would all come under schedule B, for the most part? A. Yes, for the most part.

Q. And what would be the exception? A. I would not know of any exception; just some shade holders, and they would go under schedule H. Miniature and candelabra socket devices are H. Canopy switches are H.

Q. Will you now indicate, that is, from now on, what schedule they would come under? A. All right, sir.

1466

The sockets at bottom of page 30 in the Arrow catalogue, schedule B, are not duplicated in the H. & H. catalogue.

Q. What particular item is that? A. Keyless fixture sockets.

The shade holders at the top of page 31 of the Arrow catalogue, schedule D, are duplicated by the shade holders listed in the H. & H. catalogue on page 71.

Q. Shade holders are under schedule H in exhibit 40, are they not? A. Yes. The socket accessories shown at the bottom of page 31 of the Arrow catalogue have equivalent devices at the bottom of page 75 of the H. & H. catalogue, classified as schedule H in the Arrow catalogue, except that we have some one or more devices not duplicated in the H. & H. line.

1467

The same is true of page 32 of the Arrow catalogue, accessories, which have to a very large extent equivalent devices on page 75 of the H. & H. catalogue. Socket accessories are classified as schedule B.

The material listed at the top of page 33, pull socket accessories, schedule B, have no equivalent in the H. & H. line.

1468 We skip to page 37 of the Arrow catalogue, because the intervening pages are descriptive matter and not devices.

The material shown on page 37 of the Arrow catalogue, consisting of surface tumbler switches, schedule S, has corresponding devices at the top of page 33 of the H. & H. catalogue.

The material shown on page 38 of the Arrow catalogue, surface snap switches, has an equivalent listing on pages 6 to 15 of the H. & H. catalogue, except that the H. & H. listing is a little larger
1469 than the Arrow listing, and in each catalogue there are devices not listed in the other one.

Q. What do you mean by "larger?" A. One more group of switches in it. That is schedule S.

The material shown on page 39 in the Arrow catalogue has an equivalent line of devices shown on the top half of pages 8 to 16 of the H. & H. catalogue, consisting of three-way surface snap switches; schedule S, except that in both lines are groups not shown in the other line.

The material shown on page 40 of the Arrow catalogue, consisting of double pole and four point surface snap switches, schedule S, has an equiv-
1470 alent listing on pages 7, 8, 15 and 16 of the H. & H. catalogue, except that again the groups are not exactly corresponding.

The material shown on page 41 of the Arrow catalogue, consisting of surface snap switches, schedule S, has equivalent devices on pages 41 and 42 of the H. & H. catalogue, consisting of Electrolier surface snap switches, schedule S, and has equivalents shown on pages 12, 13, 14, 16 and 17 of the H. & H. catalogue, except that in the H. & H. catalogue and in the Arrow catalogue there are groups not shown in the other catalogue.

Q. Groups or items? A. Well, they are groups.

Page 43 of the Arrow catalogue, consisting of surface snap switches, with different types of bases, has equivalents on page 10 of the H. & H. catalogue, except that there again there is one more group in each line not shown in the other line.

Material shown on pages 44 and 45 of the Arrow catalogue, consisting of 600 volt surface snap switches, schedule S, has equivalent devices listed on pages 20, 21 and 23 of the H. & H. catalogue, except the listing in the H. & H. catalogue is very much more extensive than in the Arrow catalogue. 1472

Q. More items or more groups? A. Well, they have the car heater business.

Material shown at the top of page 46 of the Arrow catalogue, consisting of ceiling pull switches, schedule S, has equivalent listings on page 38 of the H. & H. catalogue.

Material shown at the bottom part of page 46 of the Arrow catalogue, consisting of door switches, schedule S, is partially duplicated by the listing at the bottom of page 31 in the H. & H. catalogue. We have many more types of door switches than they show.

Page 47 of the Arrow catalogue, the top half, 1473 has a duplicate material on page 31 of the H. & H. catalogue, except that the Arrow catalogue has one or two more items than the H. & H. catalogue, pendent and feed-through cord switches.

Q. Still schedule S? A. Schedule S in the H. & H. catalogue, but schedule H in Arrow.

Items shown on the bottom of page 47 in the Arrow catalogue, appliance switch plug, schedule H, has no equivalent in the H. & H. line.

1474 *Harvey C. Pond—Direct.*

Material shown on pages 48 and 49 of the Arrow catalogue, consisting of snap switch accessories, such as lock attachments and switch handles, partially schedule S and partially schedule H, has equivalent devices on pages 24 and 25 of the H. & H. catalogue.

Pages 50 and 51 of the Arrow catalogue, consisting of high capacity heater switches, schedule S-1, are paral[illegible]by the switches shown on pages 18 and 19 o[illegible]he H. & H. catalogue.

Q. Schedule S? A. Schedule S-1. Well, you had
1475 better say schedule S, because that is only a subdivision of schedule S.

Material shown on page 52 of the Arrow catalogue, consisting of push button flush switches, is paralleled by the listing in the H. & H. catalogue on the bottom of page 35 and on page 36. This is also schedule S.

Material on pag[illegible] 53 of the Arrow catalogue, consisting of adjustable push switches, schedule S, is paralleled on page 36 of the H. & H. catalogue in their Electrolier type switches. The switches in the Arrow catalogue sell, however, at very much higher prices, and operate entirely differently. Ul-
1476 timately, however, they accomplish the same purpose.

Q. How do the prices compare? A. The Arrow is very much higher: $1.80 and $2.00, and the H. & H. $1.05 and $1.15.

Switches listed on page 54 of the Arrow catalogue, consisting of self restoring switches, schedule S, are duplicated on page 29 of the H. & H. catalogue.

Material shown on page 55 of the Arrow catalogue, consisting of push switch plates, schedule

S, has corresponding devices listed on page 44 of the H. & H. catalogue.

Material shown on page 56 of the Arrow catalogue, consisting of flush tumbler switches, has corresponding devices shown on page 34 of the H. & H. catalogue.

Material shown on page 57 of the Arrow catalogue, consisting of plates for tumbler flush switches, has corresponding devices listed on page 45 of the H. & H. catalogue. That would be schedule S.

Material shown on page 58 of the Arrow cata- 1478
logue, consisting of metal handle tumbler flush switches, has corresponding lines shown on page 35 of the H. & H. catalogue, schedule S, except that Arrow has a couple of Electrolier type switches not shown in the H. & H. line.

Material shown on page 59 in the Arrow catalogue, metal plates for metal handle tumbler switches, has corresponding listing shown on page 46 in the H. & H. catalogue.

The material shown on page 60 of the Arrow catalogue, push and pull switches, schedule S, has no equivalent in the H. & H. catalogue.

Material shown on page 61, the top half on page 1479
61, in the Arrow catalogue, rotary flush switches, schedule S, has corresponding devices shown on page 41 of the H. & H. catalogue.

The plates shown on the same page of the Arrow catalogue, for rotary flush switches, have corresponding devices shown on page 50 of the H. & H. catalogue.

The motor starting switch, shown at the bottom of page 61 of the Arrow catalogue, schedule S,—I don't find any equivalent in the H. & H. catalogue for that.

1480 *Harvey C. Pond—Direct.*

The first item on page 62 of the Arrow catalogue, Edison base receptacles, has a corresponding device at the top of page 94 of the H. & H. catalogue, schedule H.

I am giving the schedules from this book, the Arrow catalogue.

There are no equivalent items in the H. & H. catalogue for the balance of the material on page 62.

Q. And what do they consist of? A. Midget receptacles and combination receptacles.

Page 63 of the Arrow catalogue, lid plates for
1481 the Edison receptacle, have corresponding devices shown on page 48 of the H. & H. catalogue. There are no equivalents in the H. & H. catalogue for the other plates shown on that page. Schedule H.

On page 64 of the Arrow catalogue, Bulls Eye receptacle and the bulls eye themselves, together with the plates for the bulls eye receptacles, have a corresponding listing on page 40 of the H. & H. catalogue. Schedule H. There are no equivalents in the H. & H. catalogue for the other devices shown on that page.

Q. What do they consist of? A. They consist of a Louvre plate, and combination switch and pilot
1482 light.

Material shown on page 65 of the Arrow catalogue, consisting of blank plates, schedule H, has corresponding listing on page 50 of the H. & H. catalogue.

Page 66 of the Arrow catalogue, Arrolite plates, combinations of schedules S and H, have corresponding listings on page 49 of the H. & H. catalogue.

Page 67 is descriptive, and is omitted or passed over.

Pages 68 and 69 of the Arrow catalogue, describing combination plates, schedule H, have a corresponding listing on page 52 and page 53 of the H. & H. catalogue.

The top half of page 70 of the Arrow catalogue, convenience outlets, schedule P, has corresponding devices listed on page 92 of the H. & H. catalogue.

The bottom half of page 70, consisting of combination convenience outlets, also schedule P, has corresponding devices shown at the bottom of page 40 of the H. & H. catalogue.

Page 71 of the Arrow catalogue, plates for con- 1484
venience outlets, schedule H, has a corresponding listing on page 47 of the H. & H. catalogue.

The bottom of page 71, the bottom half of that page, metal covered receptacles, outlet box attachment plug receptacles, schedule P, has a corresponding listing at the bottom of page 92 of the H. & H. catalogue.

Page 72 of the Arrow catalogue, surface bases for attachment plug devices, schedule P, has a corresponding listing on page 93 of the H. & H. catalogue, except that there are some items in both catalogues not duplicated in the other catalogue.

Page 73 of the Arrow catalogue, tandem blade 1485
attachment plugs, and parts—no equivalent in the H. & H. catalogue.

Page 74 of the Arrow catalogue, attachment plug caps, schedule P, are partially paralleled on page 95 of the H. & H. catalogue. There are more items in the Arrow listings than there are in the H. & H.

Page 75 of the Arrow catalogue, complete attachment plugs, schedule P, are partially duplicated on page 95 of the H. & H. catalogue. The Arrow listing is bigger.

Pages 76, 77 and 78 of the Arrow catalogue, consisting of cord connections and motor plugs, schedule P, have no equivalent in the H. & H. catalogue.

Page 79 of the Arrow catalogue, one item, keyless and current tap, schedule P, is duplicated at the bottom of page 94 of the H. & H. catalogue. There is no equivalent in the H. & H. catalogue of any of the other materials shown on that page, consisting of current taps, double taps, pendent switch current taps, and combination porcelain receptacles, switch and pilot light, the last item being
1487 schedule H.

Pages 80 and 81 of the Arrow catalogue, consisting of polarized attachment plug devices, schedule P and schedule H, have no equivalent in the H. & H. catalogue.

Page 82 of the Arrow catalogue, one piece attachment plugs, schedule H, has no equivalent in the H. & H. catalogue.

Material shown on page 82, the bottom part, of the Arrow catalogue, radio receptacles, schedule H, has an equivalent line on page 38 of the H. & H. catalogue.

Pages 83, 84 and 85 of the Arrow catalogue, con-
1488 sisting of elexits, schedule LX, has an equivalent listing on page 55 of the H. & H. catalogue.

Page 86 in the Arrow catalogue, the top half of that page, consisting of plug cutouts, schedule I, classified in Exhibit 40 as schedule Y, has a parallel line in the H. & H. catalogue on page 98.

Near the bottom of page 86 of the Arrow catalogue, consisting of plug fuses, is paralleled by material shown on page 96 of the H. & H. catalogue. Schedule I is classified as schedule Y in Exhibit 40, except that I might say the H. & H. devices are re-

newable, so it does not exactly correspond in a commercial sense.

Material shown on page 87 of the Arrow catalogue, consisting of rosettes, schedule H, has corresponding devices shown on pages 88 and 89 of the H. & H. catalogue.

Material on page 88 of the Arrow catalogue, the top half of that page, porcelain rosettes, is paralleled by page 90 of the H. & H. catalogue. This is schedule H.

Material on the bottom half of page 88 of the Arrow catalogue, metal covered rosettes, has no 1490
equivalent in the H. & H. catalogue.

And that is the end of the catalogue.

Examiner Reeves: We will adjourn until 2 o'clock P. M.

(Whereupon, at 1 P. M., daylight saving time, the hearing was adjourned to 2 o'clock P. M., daylight saving time.)

After adjournment—2 P. M.

HARVEY C. POND, resumed. 1491

DIRECT EXAMINATION (Con.) BY MR. HAYCRAFT:

Q. I notice that you found a few items in the Arrow catalogue that were not listed in Hart & Hegeman catalogue. Were there some also in the Hart & Hegeman catalogue that are not listed in the Arrow that you did not mention as you leafed through the catalogue? A. Yes, sir.

1492 *Harvey C. Pond—Direct.*

Q. Will you refer to the Hart & Hegeman catalogue now, the one that you had before you when you testified this morning, and state for the record the devices that are listed there and that are not listed in the Arrow catalogue. A. Page 7, the bottom half of the page, triple pole surface snap switches, schedule 8.

Q. Can you state for the record why the Arrow Company did not handle a line of that device? A. Apparently had no demand from the field for it.

Page 9, surface snap switches, with extension
1493 covers.

Q. What use is made of those things? A. I have no idea.

Q. Will you state why the Arrow Company did not carry that line? A. Apparently for the same reason; apparently never had any demand from the field.

Page 10, surface snap switches for metal moldings, schedule 8. This line had been made in previous years, but it was discontinued.

Q. For what reasons? A. Due to small sales. The last statement also applies to page 11 of the H. & H. catalogue, surface snap and metal molding
1494 switches, schedule 8.

Q. Mr. Pond, with reference to these, that you have already described, are those switches still listed in the H. & H. catalogue now being published? A. I don't know. Have you got one here?

Q. I hand you Commission's Exhibit No. 82.

Mr. Gross: That is the last catalogue?

Mr. Haycraft: Yes.

A. They are, but in a smaller degree: it has been boiled down.

Pages 12, 13, 14 and 15 of the H. & H. catalogue, Electrolier surface snap switches, schedule S, of higher capacity, that is, 20 amperes; we stopped in the Arrow catalogue at 10 amperes.

Q. For what purposes are these 20 ampere switches used? A. I couldn't say, unless, I imagine, it is for car heating or car lighting, for which we have no particular demand.

Q. Do you know whether they are still listed in the new H. & H. catalogue? A. They are.

Q. Are sales of those switches made direct to manufacturers? A. I don't know. 1496

Q. Who in your organization would know the class of trade to which that is now sold? A. Either Mr. Everest or Mr. Cook.

Page 21 of the H. & H. catalogue, 600-volt switches for electric railway use, except for the first two groups, the three-way switches.

Q. Is that also for a special use? A. That is for electric railway use.

The same thing applies to the switches on page 22, the first half of the page.

It also applies to the two bottom groups on page 23, which are 600-volt circuit switches, schedule S.

On page 25, the lower half of the page, we have the so-called fused safety switches. 1497

Q. For what special use are they made? A. This is electric appliances, and so forth, built for garage type fuses, schedule S; no equivalent in the Arrow catalogue.

That also applies to the switches listed on page 26 of the H. & H. catalogue, fused safety switches, schedule S.

Page 27 of the H. & H. catalogue, double-pole double-throw switches, I don't know what they are used for.

Mr. Williams: For motor reversing switches.

1498 A. Principally used for motor reversing switches. Schedule 8.

The same thing applies to page 28 of the H. & H. catalogue, motor control and reversing switches, schedule 8.

Page 30 of the H. & H. catalogue, panel board switches, schedule 8, not paralleled in the Arrow line.

Q. What are they used for? A. On panel boards.

Q. For lighting? A. Yes, for lighting. I imagine I am stating guess-work, because I am not very
1499 familiar with that line.

The top part of page 32, H. & H. catalogue, has an automatic shatter flush receptacle, which is not duplicated in the Arrow catalogue. That is schedule 8.

Pages 34, 35 and 37, listed as composition base flush tumbler switches, schedule 8.

Q. What are they used for? A. For high class architectural specified jobs, for jobs specified by architects.

Q. Not sold through jobbers? A. Yes, but upon specification.

Q. You do not make those? A. We did, but not
1500 the high priced ones.

Page 87 of the H. & H. catalogue, fielding receptacles. They are schedule B. That line, I imagine, was an inheritance from the H. T. Paiste Co.

Q. Why didn't you carry that? A. Well, we had material that—if I recall correctly, it was made on pipe taplets, which went with the original Paiste line, and which was confined—there wasn't enough volume for more than one or two manufacturers to make it; not worth while for more than one manufacturer to go into it. There apparently had been enough in the field.

Page 91, schedule J, fielding rosettes.

Q. What would it correspond to here in the group of schedules that are in Exhibit 40? A. Schedule H.

Page 94, the H. & H. catalogue, the second and fourth groups, canopy receptacles, schedule K. We had nothing like it at all in the Arrow catalogue.

Q. What is the reason for that? A. The same reason as before; either this device was not good enough or there was no demand in the field for us to make it.

Page 97, knife switches, schedule J. 1502

Q. The same as our H? A. No, it is a different line entirely. We never got into the line.

Q. In this Exhibit 40, isn't it listed under H? A. Yes.

Page 99, enclosed fuse cutouts, schedule L. I imagine that would go into schedule Y on this Exhibit 40.

Pages 100 and 101, entrance switches, schedules E and I; that probably would go into schedule H on the exhibit.

Pages 102 and 103, panel cut-outs, schedule I. That presumably would go into schedule H on that exhibit.

1503

Q. How does it happen that your company did not carry these cut-outs? A. We did carry cut-outs.

Q. I mean that type? A. It is an old line that has been manufactured by a great many people for years. It is bulky, low-priced, and we wanted to concentrate more on the profitable items. There are so many sources available, it was not particularly productive business.

Q. Do you know whether or not the H. & H. catalogue today carries these items—cut-outs and

special switches? A. They are practically all eliminated. There is just one entrance switch left.

Q. Does the new catalogue carry any knife switches? A. It does not.

Page 104, Paiste moldtaps, schedule J. That corresponds to schedule H in Exhibit 40. It was a specialty of the old Paiste Company, which we never followed.

Pages 105, 106, 107 and 108, radio accessories. The radio accessories on schedule R. I don't believe we had any corresponding items.

1505 Q. At that time? A. No, or now.

Q. Do you carry them now? A. No.

Q. You don't sell them? A. No.

Q. Are they listed in the catalogue? A. No.

Q. You carry radio outlets—that is what I had in mind? A. Oh, yes, but these were accessories to go with the radio receiving sets, and stuff like that.

Q. In your sales organization in October, 1927, who was in charge of your Boston office? A. Mr. A. C. Nelson. We had two salesman.

By Mr. Gross:

1506 Q. You are talking about 1927? A. October, 1927.

By Mr. Haycraft:

Q. What territory did he have under his supervision? A. New England.

Q. What states would that include? A. All the New England states.

Q. Who was in charge of your New York office at the same time? A. Mr. Deacon.

Q. What are his initials? A. A. P.

Q. How many salesmen did he have under him? A. He had six men.

Q. What territory did he cover? A. He covered the Atlantic seaboard down to and including Delaware, but stopping at Maryland, and including Pennsylvania, New Jersey, New York, and West Virginia.

Q. Who was your Baltimore manager? A. M. F. Green, with one and one-third men.

Q. How do you mean that? A. We had a salesman who worked out of Atlanta, and one-third of 1508
his time was devoted to Baltimore, and two-thirds of his time to the Chicago office.

Q. What territory was included in the Baltimore division? A. Maryland, Virginia, North and South Carolina, Georgia, and Florida.

Q. Who was in charge of your Chicago office? A. Mr. R. L. Wildauer, with four and two-thirds men.

Q. What territory did he cover? A. He covered from—do you want them by states? He covered from the Rocky Mountains to the East, to what I have given you.

Q. Who was in charge of the San Francisco office? A. Mr. S. B. Gregory, with two men cover- 1509
ing the Pacific Coast states, Washington, Oregon and California.

Q. Now, these branch managers—the salesmen called on what class of trade in endeavoring to sell your products? A. Jobbers chiefly; practically 99 percent jobbers.

Q. Did they go around with the jobbers' salesmen as missionary men and call on their customers? A. They did on occasion. You mean the salesmen, or the manager?

1510

Q. Either one. A. Managers were chiefly policy men, seeing jobbers.

Q. And the salesmen? A. The salesmen would endeavor to help the jobbers, by traveling with their salesmen on occasions, and calling on trade.

Q. What trade would they call on with the jobber salesmen? A. The contractors and fixture manufacturers.

Q. Referring to your sales by the Arrow Company to individual customers in the Boston or New England territory, each territory was divided into

1511 districts? A. Yes, sir.

Q. For what purpose were they divided? A. To concentrate the attention of the manager.

Q. Was each district assigned to a certain salesman? A. Simply split up so that we in our study and he in his study could concentrate his attention.

Q. District No. 1 included what in the New England territory? A. From the record in front of me, I would say that it included Greater Boston.

Q. Who were your principal customers there in 1927? A. Wetmore Savage, Voye Electric Supply Co., Sager Electric Supply Co., F. S. Hardy, George H. Wahn, Vye Smith Company, R. V. Pettingill.

1512 Q. Have you continued to sell the various concerns named since 1927, or have there been some changes in distribution? A. R. V. Pettingill Co. went out of business.

Q. What year? A. I should say during the latter part of 1927, because there were no sales to them after that.

Q. How about Vye Smith? A. Vye Smith I don't recall, but I think they also went out of business in the latter part of 1929.

Q. Did you sell a general line of your product to your jobbers? A. Yes, sir.

Q. In 1927? A. Yes, sir.

Q. Did any of them sell your line exclusively? A. No, they did not.

Q. Were any of them also distributors of the Hart & Hegeman products? A. Presumably. I don't know.

Q. These little column marks there (indicating). A. Oh, yes. You understand, when I say exclusively, that there are a great many manufacturers competing for the business, and that, while our line may have been the principal one at that time, they undoubtedly bought from competing manufacturers, 1514 although ours may have been the principal one at the time.

Q. How many of these distributors in that territory also handled Hart & Hegeman products, just of those named? A. Will you read those to me, please?

Mr. Gross: Wetmore Savage.
The Witness: They did.
Mr. Gross: Voye.
The Witness: They did not.
Mr. Gross: Sager.
The Witness: They did.
Mr. Gross: Hardy. 1515
The Witness: He did.
Mr. Gross: Wahn.
The Witness: They did.
Mr. Gross: Vye Smith.
The Witness: No.
Mr. Gross: Pettingill.
The Witness: No.

Q. Did you make some sales also to the Milhender Supply Company? A. Oh, yes; not large;

1516 presumably due to the fact that there was some Arrow demand that they had to pick up.

Q. Are they recognized as the distributor of any particular line? A. I couldn't say. Are we talking of 1927?

Q. Yes. Did you make any sales direct to manufacturers in the Boston territory in 1927? A. We did.

Q. What type of product? A. One case of socket material and one case of heater switches.

Q. What did District No. 2 of your Boston ter-
1517 ritory include? A. Primarily Rhode Island, although there is the southern tip of Massachusetts that comes in there.

Q. Who were your principal distributors in that territory? A. We only had one that amounted to anything, the City Hall Hardware Co., Providence.

Q. Did you make any sales to Belcher & Loomis Hardware Co. in Providence? A. Yes; not large.

Q. That concern also bought from the Hart & Hegeman Manufacturing Company? A. Yes.

Q. District No. 3 included what? A. District No. 3 included the State of Maine.

Q. Who were your principal distributors in that
1518 state in 1927? A. Holmes Electric Supply Co. and the Eastern Electric Supply Company; both at Portland, Maine.

Q. Did you continue to supply the Eastern Electric Supply Co. after 1927? A. They went out of business, and were succeeded by Spencer F. Fearon.

Q. And you continued to sell that concern? A. Yes.

Q. District No. 4? A. That is Northern Massachusetts and Vermont, I think.

Q. What distributors handled your product there? A. The Mountain Electric Supply Co. of

Pittsfield, and the Champlain Electric Supply Co. The latter, I think is in Burlington, Vermont.

Q. Did you continue to sell both those concerns after 1927? A. We did for a period of one year, and then they were bought by one of our competitors and we ceased to sell them.

Q. How is that territory covered now? A. I don't think there is any distribution there.

Q. How about the jobbers out of Springfield? A. Probably covered from Springfield or Worcester, but not directly from that territory.

Q. District No. 5? A. Worcester and surrounding towns. 1520

Q. Including Manchester, New Hampshire? A. Yes, that includes Manchester.

Q. Who were your principal distributors in that territory in 1927? A. The Granite State Electric Supply Co., Manchester, New Hampshire; Merrill Electric Supply Co., Worcester, and the Coughlin Electric Supply Co., Worcester.

Q. District No. 6? A. Springfield, Mass.

Q. Who were your principal distributors there in 1927? A. Charles E. Hayes Co. and the Hampden Electric Supply Co., the principal distributors.

Q. You made some sales to the Wetmore Savage Company? A. Some. 1521

Q. Did the Hart & Hegeman sell to any of these distributors? A. They sold to Charles E. Hayes and Wetmore Savage.

Q. District No. 7? A. That is Hartford and vicinity, including Torrington, New Britain, Winsted, Forestville, and so forth.

Q. Who were your principal distributors in that territory? A. In 1927, Rogers Electric Supply Co., Hartford; Spring & Buckley Electric Co., New Britain, and two other small ones; J. O. Simons, Hartford.

1522 *Harvey C. Pond—Direct.*

Q. Were any of these distributors sold by the Hart & Hegeman? A. No.

Q. Did you make any sales direct to manufacturers in that territory? A. We did.

Q. What items? A. Heater switches, attachment plugs, and through cord switches.

Q. District No. 8? A. Southwestern Connecticut.

Q. Who were your principal distributors there in 1927? A. Connecticut Electric Equipment Co., Meriden, C. S. Mersick Co., New Haven; Mar Le
1523 Co., Stamford; Union Light Co., Bridgeport. That is all.

Q. Were any direct sales made to any manufacturers in that territory in 1927? A. Yes.

Q. Of what device? A. Attachment plugs.

Q. Will you state the total volume of sales of the Arrow Electric Co. in the New England territory for the years 1926 to 1930, inclusive, by years? A. For 1926, $483,933.

1927, $414,842.

1928, $416,596.

1929, $392,372.

1930, $373,384.

1524 Q. I notice there that the sales in 1929 are less than in 1927 and 1928. Do you have any explanation for that? A. May I call your attention to the fact that this customer 123 is also a manufacturer.

Q. Not direct sale? A. Yes.

Q. What item? A. Sockets.

Now, from the records here it would appear to me that we lost considerable business from the Union Light Co. of Bridgeport, and I think that was to Hart & Hegeman.

Q. What are the items? A. On the general line, the jobbing line.

Q. Will you check that and make sure? A. Yes, I will.

(Discussion off the record.)

The Witness: I want to correct my answer. The business faded out and the concern went out of business. We lost more jobbing business from the C. S. Mersick Co. in New Haven, and lost considerably more from the Atward, in Waterbury.

Q. I show you what purports to be a statement of individual customers, by schedule, of sales made by the Arrow, beginning in 1926 and running to 1930, for the New England territory, the names of the customers not being shown, but being represented in each instance by a number, and I ask you whether or not this statement correctly sets forth the division of sales by schedules to the customers indicated thereon. A. I assume it does, on the assumption that it was taken from our records. 1526

Q. I notice that there are certain numbers or asterisks. What is the significance of that? A. Common customers with Hart & Hegeman.

Mr. Haycraft: I offer the exhibit in evidence. 1527

Examiner Reeves: This document, consisting of three sheets, is received in evidence as Commissioner's Exhibit Number 89.

(The document was thereupon received in evidence and marked "Commission's Exhibit Number 89.")

Q. The New York territory was divided into how many districts? A. 15 districts.

1528 *Harvey C. Pond—Direct.*

Q. District No. 1 included what? A. New York City and points like Mt. Vernon and Ossining.

Q. Who were your principal distributors in 1927? A. Samuel Frost, Hirschfeld Electric Supply Co., Joseph Kurzon, A. Schemel & Co., Grand Brass & Electric Supply Co., National Gas & Electric Light Co.

Q. Did you make any sales in substantial quantities to the Garfield Elliott Electrical Supply Co.? A. Fairly good quantities.

Q. The Gertler Electric Co.? A. Yes, not even as
1529 much as Garfield.

Q. Holloway-Bentz & Co.? A. A fair amount of sales.

Q. The New England Incandescent Supply Co.? A. Yes.

Q. The Ostrander Electric Supply Corporation? A. Yes.

Q. Of those that have been named, how many were also customers of the Hart & Hegeman Co.? A. Will you read those to me?

Mr. Gross: Samuel Frost.
The Witness: No.
1530 Mr. Gross: Hirschfeld Electric Supply Co.?
The Witness: No.
Mr. Gross: Joseph Kurson.
The Witness: No.
Mr. Gross: Schemel Co.
The Witness: No.
Mr. Gross: Grand Brass & Electric Light Co.
The Witness: No.
Mr. Gross: National Gas & Electric Co.
The Witness: No.
Mr. Haycraft: Garfield Elliott.

The Witness: Yes.
Mr. Haycraft: Gertler.
The Witness: No.
Mr. Haycraft: Holloway-Bentz.
The Witness: Yes.
Mr. Haycraft: New England Incandescent.
The Witness: No.
Mr. Haycraft: Ostrander.
The Witness: No.

Q. Did you continue all of those distributors after 1927? A. May I have you read those again? 1532

Mr. Gross: Frost.
The Witness: Yes.
Mr. Gross: Hirschfeld.
The Witness: Yes.
Mr. Gross: Kurzon.
The Witness: Yes.
Mr. Gross: Schemel.
The Witness: Yes.
Mr. Gross: Grand Brass.
The Witness: Yes.
Mr. Gross: National Gas.
The Witness: Yes, up until 1929.

1533

Q. What happened at that time? A. I don't know; probably went out of business.

Mr. Gross: Garfield Elliott.
The Witness: Yes.
Mr. Gross: Gertler.
The Witness: Yes.
Mr. Gross: Holloway-Bentz.
The Witness: Yes.
Mr. Gross: New England Incandescent Lamp.

1534 *Harvey C. Pond—Direct.*

The Witness: Yes.
Mr. Gross: Ostrander.
The Witness: Yes.

Q. District No. 2? A. We take in Brooklyn and Queens.

Q. Who were your principal distributors? A. Bangert Electric Co. They were not a common customer, and we continued to sell them after 1927.

Imperial Electric Supply Co. They were not a common customer and we continued to sell them
1535 after 1927.

Universal Electric Supply Co.; not a common customer and continued sales.

Morris Shoham Electric Supply Co., Jamaica, not a common customer, and we continued to sell them after 1927.

Q. That is enough. District No. 3? A. That is the Hudson River District, Albany, Poughkeepsie, Troy, and Northeastern New York State.

Q. Who were your principal distributors? A. William Davis Hawk, Kingston, N. Y.; not a common customer and continued sales.

Hinsdel Electric Co., Troy, N. Y., not a common
1536 customer and continued sales.

J. A. Freeman & Sons, Plattsburgh, N. Y., not a common customer and continued sales.

Q. District No. 4? A. District No. 4 is the southern tier of New York State.

The principal customers in 1927 were Crocker & Ogden. I am not sure whether they were Stevenson or Crocker & Ogden, Binghamton, N. Y., not a common customer and continued sales up to 1930.

Southern New York Electric Supply Corporation, Binghamton, not a common customer and continued sales.